



OHIO AUDITOR OF STATE
KEITH FABER



**SEBRING LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2024**

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SEBRING LOCAL SCHOOL DISTRICT
MAHONING COUNTY
JUNE 30, 2024

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Sebring Local School District
Mahoning County
510 North 14th Street
Sebring, Ohio 44672

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 Sebring Local School District, Mahoning County, Ohio (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sebring Local School District, Mahoning 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.

Emphasis of Matter

As discussed in Note 24 to the financial statements, the School District restated capital assets and net position of Governmental Activities and interfund receivable/payable and fund balances for the General and All Other Governmental funds as of June 30, 2024. Our opinion is not modified with respect to these matters.

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 18, 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 18, 2025

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

As management of the Sebring Local School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position increased in fiscal year 2024 due to increases in current and other assets, capital assets as well as changes in the net pension/OPEB asset/liabilities and their associated deferred inflows/outflows.
- Total program expenses increased in fiscal year 2024 due to increases in instructional services and pupil transportation. Changes in the net pension/OPEB asset/liability are the result of the School District's adjusting proportionate share of the total State-wide liabilities (asset) for both pension and OPEB retirement systems.
- The School District's major capital asset additions include roof restorations, a 3-bay garage, door replacements, cameras, equipment and a pickup truck.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of food services and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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 capital improvement capital projects fund. All of the funds of the School District can be classified as governmental.

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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2024 compared to 2023.

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

(Table 1)
Net Position
Governmental Activities

	2024	Restated* 2023	Change
Assets			
Current and Other Assets	\$10,689,602	\$10,577,241	\$112,361
Net OPEB Asset	393,715	557,621	(163,906)
Capital Assets, Net	7,774,938	6,766,808	1,008,130
<i>Total Assets</i>	<u>18,858,255</u>	<u>17,901,670</u>	<u>956,585</u>
Deferred Outflows of Resources			
Pension	1,115,299	1,377,497	(262,198)
OPEB	234,270	137,874	96,396
<i>Total Deferred Outflows of Resources</i>	<u>1,349,569</u>	<u>1,515,371</u>	<u>(165,802)</u>
Liabilities			
Current Liabilities	782,548	1,042,014	259,466
Long-Term Liabilities			
Due within One Year	328,330	244,172	(84,158)
Due in More than One Year			
Net Pension Liability	5,637,480	6,035,227	397,747
Net OPEB Liability	391,856	332,202	(59,654)
Other Amounts	336,960	343,655	6,695
<i>Total Liabilities</i>	<u>7,477,174</u>	<u>7,997,270</u>	<u>520,096</u>
Deferred Inflows of Resources			
Property Taxes	1,697,022	1,369,678	(327,344)
Pension	614,008	649,737	35,729
OPEB	693,389	909,324	215,935
<i>Total Deferred Inflows of Resources</i>	<u>3,004,419</u>	<u>2,928,739</u>	<u>(75,680)</u>
Net Position			
Net Investment in Capital Assets	7,716,875	6,577,428	1,139,447
Restricted for:			
Capital Projects	165,649	102,800	62,849
Debt Service	545,322	545,322	0
OPEB Plans	393,715	106,829	286,886
Other Purposes	202,489	213,929	(11,440)
Unrestricted	702,181	944,724	(242,543)
<i>Total Net Position</i>	<u>\$9,726,231</u>	<u>\$8,491,032</u>	<u>\$1,235,199</u>

Restatements*

Net position at June 30, 2023 in governmental activities was restated by (\$808,772) to \$8,491,032. Capital assets was understated by \$157,553 and support services operation and maintenance of plant program expense was overstated by the same amount. The School District also had their capital assets evaluated and determined depreciable capital assets were understated by \$916,977 and accumulated depreciation was understated by \$1,883,302. For financial statement reporting purposes, capital assets are presented net of accumulated depreciation. The depreciable assets were purchased prior to June 30, 2022, and should have been reflected in the beginning net position on the statement activities. The accumulated depreciation restatement will impact

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

fiscal year 2023's change in net position on the statement of activities by reflecting an increase in functional depreciation expense of \$19,825. At June 30, 2023, capital assets and net position reported on the statement of net position were overstated due to capital assets being understated by \$916,977 and due to accumulated depreciation being understated by \$1,883,302 (\$19,825 related to 2023 activity and \$1,863,477 related to activity prior to 2023). Under GASB 100, Accounting Changes and Error Corrections, these capital asset changes are considered a correction of an error, and the effects of these restatements have been reflected in the 2023 column. (See Note 24)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to cash, capital assets, current liabilities and the net pension liability as noted previously. The cash increase is the result of revenue collection exceeding expenses resulting in a surplus for the year. Capital assets increased due to current year additions outpacing current year depreciation. Current liabilities decreased due to a decrease in contracts payable from the completion of projects and a decrease in unearned revenue from the timing of the receipt of grants.

Unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the School District's net position represents resources that are subject to external restrictions on how they may be used.

The remaining balance of net position is investment in capital assets (e.g., land, construction in progress, buildings, equipment, furniture and vehicles); less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

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

Table 2 shows the changes in net position for fiscal year 2024 compared to 2023.

(Table 2)			
Change in Net Position			
Governmental Activities			
	2024	Restated* 2023	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$222,724	\$211,470	\$11,254
Operating Grants and Contributions	1,407,115	1,965,684	(558,569)
<i>Total Program Revenues</i>	1,629,839	2,177,154	(547,315)
<i>General Revenues</i>			
Property Taxes	1,606,833	1,349,658	257,175
Income Taxes	736,595	778,916	(42,321)
Grants and Entitlements not Restricted	5,301,924	4,656,548	645,376
Unrestricted Contributions	8,825	6,088	2,737
Investment Earnings/Interest	447,347	248,489	198,858
Miscellaneous	54,639	152,731	(98,092)
<i>Total General Revenues</i>	8,156,163	7,192,430	963,733
<i>Total Revenues</i>	9,786,002	9,369,584	416,418
Program Expenses			
Current:			
Instruction:			
Regular	3,294,367	3,022,888	(271,479)
Special	1,322,665	1,512,141	189,476
Vocational	4,610	1,485	(3,125)
Support Services:			
Pupils	489,214	389,335	(99,879)
Instructional Staff	153,427	240,922	87,495
Board of Education	19,968	18,468	(1,500)
Administration	818,133	859,453	41,320
Fiscal	331,780	298,591	(33,189)
Business	0	884	884
Operation and Maintenance of Plant	749,621	907,871	158,250
Pupil Transportation	314,220	210,404	(103,816)
Central	333,330	242,254	(91,076)
Extracurricular Activities	343,275	416,158	72,883
Operation of Non-Instructional Services:			
Operation of Food Service	373,726	356,017	(17,709)
Interest	2,467	1,954	(513)
<i>Total Program Expenses</i>	8,550,803	8,478,825	(71,978)
<i>Change in Net Position</i>	1,235,199	890,759	344,440
<i>Net Position Beginning of Year as Restated for Corrections*</i>	8,491,032	7,600,273	890,759
<i>Net Position End of Year</i>	\$9,726,231	\$8,491,032	\$1,235,199

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

Restatements*

Net position beginning of year in governmental type activities was restated for corrections by (\$808,772) to \$8,491,032 at June 30, 2023. Under GASB 100, Accounting Changes and Error Corrections, this change is considered a correction of an error and the restatement has been reflected in the impacted 2023 column. This change impacted total program expenses (support services operations and maintenance of plant overstated by \$157,553 and functional depreciation expense understated by \$19,825 in 2023). This change was related to the capital asset changes, as explained in Note 24.

Analysis of overall financial position and results of operations

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

Program revenues decreased for governmental activities in fiscal year 2024. Operating grants and contributions decreased in fiscal year 2024, as the School District was awarded less grant monies, which are additional sources of operating revenues. General revenues increased due to increased property tax collections, an increase in grants and entitlements not restricted for a specific purpose and an increase in investment earning/interest.

Program expenses increased in fiscal year 2024 due to increases in instructional services and changes in the net pension/OPEB asset/liability. As mentioned previously, change in the net pension/OPEB asset/liability and associated deferred outflows/inflows are the result of the School District's adjusting proportionate share of the total State-wide liabilities (assets) for both pension and OPEB across retirement systems.

The School District relies heavily upon property taxes, income taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The grants and entitlements not restricted can be partially attributed to the School District actively seeking out additional sources of Federal and State funding to ensure the programs important to the community are maintained.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2024 compared to 2023.

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

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

	2024		Restated 2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$4,621,642	\$3,739,859	\$4,536,514	\$3,466,969
Support Services:				
Pupils and Instructional Staff	642,641	477,068	630,257	443,515
Board of Education, Administration				
Fiscal and Business	1,169,881	1,154,588	1,177,396	1,157,398
Operation and Maintenance of Plant	749,621	671,600	907,871	497,819
Pupil Transportation	314,220	311,820	210,404	195,833
Central	333,330	208,522	242,254	181,509
Extracurricular Activities	343,275	264,131	416,158	315,533
Operation of Non-Instructional Services:				
Operation of Food Service	373,726	90,909	356,017	41,141
Interest	2,467	2,467	1,954	1,954
<i>Total Expenses</i>	<u>\$8,550,803</u>	<u>\$6,920,964</u>	<u>\$8,478,825</u>	<u>\$6,301,671</u>

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

Financial Analysis of the Government's Funds

Governmental Fund Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance. The primary reason for the increase is an increase in cash and cash equivalents from revenues outpacing expenditures and an increase in property tax collections, intergovernmental receipts and investment earnings/interest. The capital improvement capital projects fund balance decreased due to spending of monies toward the completion of capital projects.

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 year 2024 the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was the same as the original budget estimate. Actual revenue was lower than final budget basis revenue predominantly due to less intergovernmental and miscellaneous monies received. The final budget appropriations were lower than the original budget appropriations of the general fund primarily because the School District gained a better idea of actual costs during the fiscal year. Actual expenditures and other financing uses were lower than final budget appropriations due to the School District keeping spending in control while ensuring the programs important to the community are maintained.

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

Capital Assets and Long-term Obligations

Capital Assets

For fiscal year 2024, the increase in capital assets was due to current year additions exceeding depreciation. Capital asset additions included roof restoration, a 3-bay garage, door replacements, cameras, equipment and a pickup truck. Please refer to Note 9 within the Notes to the Basic Financial Statements for further information on capital assets.

Long-term Obligations

The School District has financed purchases specific to the copiers throughout the School District. The School District entered into a contract in fiscal year 2022 and the terms of the lease end in fiscal year 2026. The School District entered into a contract in fiscal year 2024 and the terms of the lease end in fiscal year 2029.

As of June 30, 2024, the School District's legal debt margin was \$6,631,179 with an unvoted debt margin of \$73,680. Please refer to Note 10 within the notes to the basic financial statements for further information on debt.

Current Financial Related Activities

The School District's fiscal health depends on an efficient budgeting process and the utilization of programs that reduce costs, such as consortiums, and diligent cost analysis.

The future of State funding may greatly affect the financial horizon of the School District. The State of Ohio was found by the Ohio Supreme Court to be operating an unconstitutional education system regarding the funding formula. Currently an initiative is actively seeking a restructuring of the State funding formula. The Fair School Funding plan is being phased in, however, the future is uncertain since the state of Ohio has decreased taxes, thereby decreasing revenue for school funding.

The School District receives approximately 71 percent of its revenue from the State of Ohio and is therefore at the State's mercy regarding funding. State revenues have kept pace with inflation to date, but the future of State revenue increases is uncertain.

The School District passed a 1 percent income tax levy on the November 2006 ballot to help stabilize its financial condition. This levy has been effective in bringing financial stability that could last well into the future. This levy was renewed by voters on the November 2016 ballot and again on the May 2021 ballot.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Sebring Local School District, 510 North 14th Street, Sebring, Ohio 44672.

Basic Financial Statements

Sebring Local School District*Statement of Net Position**June 30, 2024*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,238,452
Accrued Interest Receivable	13,568
Intergovernmental Receivable	136,392
Inventory Held for Resale	4,520
Materials and Supplies Inventory	594
Prepaid Items	2,790
Property Taxes Receivable	1,995,699
Income Taxes Receivable	297,587
Net OPEB Asset (See Note 18)	393,715
Nondepreciable Capital Assets	974,537
Depreciable Capital Assets, Net	6,800,401
<i>Total Assets</i>	<u>18,858,255</u>
Deferred Outflows of Resources	
Pension	1,115,299
OPEB	234,270
<i>Total Deferred Outflows of Resources</i>	<u>1,349,569</u>
Liabilities	
Accounts Payable	68,436
Accrued Wages and Benefits	511,104
Contracts Payable	60,532
Intergovernmental Payable	134,633
Unearned Revenue	7,843
Long-Term Liabilities:	
Due Within One Year	328,330
Due in More Than One Year	
Net Pension Liability (See Note 17)	5,637,480
Net OPEB Liability (See Note 18)	391,856
Other Amounts	336,960
<i>Total Liabilities</i>	<u>7,477,174</u>
Deferred Inflows of Resources	
Property Taxes	1,697,022
Pension	614,008
OPEB	693,389
<i>Total Deferred Inflows of Resources</i>	<u>3,004,419</u>
Net Position	
Net Investment in Capital Assets	7,716,875
Restricted for:	
Capital Projects	165,649
Debt Service	545,322
OPEB Plans	393,715
Other Purposes	202,489
Unrestricted	702,181
<i>Total Net Position</i>	<u><u>\$9,726,231</u></u>

See accompanying notes to the basic financial statements

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

		Program Revenues		Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$3,294,367	\$41,767	\$384,342	(\$2,868,258)
Special	1,322,665	14,681	440,921	(867,063)
Vocational	4,610	72	0	(4,538)
Support Services:				
Pupils	489,214	0	51,856	(437,358)
Instructional Staff	153,427	1,096	112,621	(39,710)
Board of Education	19,968	0	0	(19,968)
Administration	818,133	10,897	4,396	(802,840)
Fiscal	331,780	0	0	(331,780)
Operation and Maintenance of Plant	749,621	0	78,021	(671,600)
Pupil Transportation	314,220	0	2,400	(311,820)
Central	333,330	86,014	38,794	(208,522)
Extracurricular Activities	343,275	64,365	14,779	(264,131)
Operation of Non-Instructional Services:				
Operation of Food Service	373,726	3,832	278,985	(90,909)
Interest	2,467	0	0	(2,467)
<i>Totals</i>	<u>\$8,550,803</u>	<u>\$222,724</u>	<u>\$1,407,115</u>	<u>(6,920,964)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				1,514,349
Permanent Improvements				92,484
Income Taxes Levied for:				
General Purposes				736,595
Grants and Entitlements not Restricted				
to Specific Programs				5,301,924
Unrestricted Contributions				8,825
Investment Earnings/Interest				447,347
Miscellaneous				54,639
<i>Total General Revenues</i>				<u>8,156,163</u>
Change in Net Position				<u>1,235,199</u>
<i>Net Position Beginning of Year as Previously Reported</i>				9,299,804
Restatement - See Note 24				<u>(808,772)</u>
<i>Restated Net Position Beginning of Year</i>				<u>8,491,032</u>
<i>Net Position End of Year</i>				<u>\$9,726,231</u>

See accompanying notes to the basic financial statements

Sebring Local School District*Balance Sheet**Governmental Funds**June 30, 2024*

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$6,399,716	\$940,087	\$898,649	\$8,238,452
Accrued Interest Receivable	13,568	0	0	13,568
Intergovernmental Receivable	84,868	0	51,524	136,392
Prepaid Items	2,790	0	0	2,790
Interfund Receivable	30,646	0	0	30,646
Inventory Held for Resale	0	0	4,520	4,520
Materials and Supplies Inventory	0	0	594	594
Property Taxes Receivable	1,884,962	0	110,737	1,995,699
Income Taxes Receivable	297,587	0	0	297,587
<i>Total Assets</i>	<u>\$8,714,137</u>	<u>\$940,087</u>	<u>\$1,066,024</u>	<u>\$10,720,248</u>
Liabilities				
Accounts Payable	\$43,152	\$0	\$25,284	\$68,436
Accrued Wages and Benefits	444,727	0	66,377	511,104
Contracts Payable	0	60,532	0	60,532
Intergovernmental Payable	122,419	0	12,214	134,633
Interfund Payable	0	0	30,646	30,646
Unearned Revenue	0	0	7,843	7,843
<i>Total Liabilities</i>	<u>610,298</u>	<u>60,532</u>	<u>142,364</u>	<u>813,194</u>
Deferred Inflows of Resources				
Property Taxes	1,601,647	0	95,375	1,697,022
Unavailable Revenue	357,290	0	23,789	381,079
<i>Total Deferred Inflows of Resources</i>	<u>1,958,937</u>	<u>0</u>	<u>119,164</u>	<u>2,078,101</u>
Fund Balances				
Nonspendable	2,790	0	594	3,384
Restricted	0	0	869,338	869,338
Committed	455,000	879,555	0	1,334,555
Assigned	482,937	0	0	482,937
Unassigned (Deficit)	5,204,175	0	(65,436)	5,138,739
<i>Total Fund Balances</i>	<u>6,144,902</u>	<u>879,555</u>	<u>804,496</u>	<u>7,828,953</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,714,137</u>	<u>\$940,087</u>	<u>\$1,066,024</u>	<u>\$10,720,248</u>

See accompanying notes to the basic financial statements

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

Total Governmental Funds Balances	\$7,828,953
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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.	7,774,938
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:

Delinquent Property Taxes	265,677	
Income Tax	58,444	
Intergovernmental	26,908	
Tuition and Fees	30,050	
Total		381,079

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

Net OPEB Asset	393,715	
Deferred Outflows - Pension	1,115,299	
Deferred Outflows - OPEB	234,270	
Net Pension Liability	(5,637,480)	
Net OPEB Liability	(391,856)	
Deferred Inflows - Pension	(614,008)	
Deferred Inflows - OPEB	(693,389)	
Total		(5,593,449)

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

Financed Purchases	(28,041)	
Compensated Absences	(637,249)	
Total		(665,290)

<i>Net Position of Governmental Activities</i>	<u><u>\$9,726,231</u></u>
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See accompanying notes to the basic financial statements

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

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$1,486,299	\$0	\$96,613	\$1,582,912
Income Taxes	729,970	0	0	729,970
Intergovernmental	5,315,554	0	1,384,986	6,700,540
Investment Earnings/Interest	447,347	0	0	447,347
Charges for Services	86,014	0	10,320	96,334
Tuition and Fees	53,781	0	0	53,781
Extracurricular Activities	11,993	0	57,877	69,870
Contributions and Donations	8,825	0	14,944	23,769
Miscellaneous	19,436	0	35,203	54,639
<i>Total Revenues</i>	<i>8,159,219</i>	<i>0</i>	<i>1,599,943</i>	<i>9,759,162</i>
Expenditures				
Current:				
Instruction:				
Regular	2,637,100	0	307,570	2,944,670
Special	931,225	0	421,667	1,352,892
Vocational	4,610	0	0	4,610
Support Services:				
Pupils	441,126	0	52,404	493,530
Instructional Staff	76,311	0	80,954	157,265
Board of Education	21,364	0	0	21,364
Administration	822,775	0	4,442	827,217
Fiscal	338,008	0	2,151	340,159
Operation and Maintenance of Plant	1,236,795	870,445	125,012	2,232,252
Pupil Transportation	295,070	0	0	295,070
Central	292,710	0	45,944	338,654
Extracurricular Activities	222,748	0	106,273	329,021
Operation of Non-Instructional Services:				
Operation of Food Service	0	0	376,169	376,169
Capital Outlay	32,825	0	0	32,825
Debt Service:				
Principal Retirement	9,074	0	0	9,074
Interest	2,467	0	0	2,467
<i>Total Expenditures</i>	<i>7,364,208</i>	<i>870,445</i>	<i>1,522,586</i>	<i>9,757,239</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>795,011</i>	<i>(870,445)</i>	<i>77,357</i>	<i>1,923</i>
Other Financing Sources (Uses)				
Financed Purchases Issued	15,720	0	0	15,720
Transfers In	0	250,000	61,100	311,100
Transfers Out	(311,100)	0	0	(311,100)
<i>Total Other Financing Sources (Uses)</i>	<i>(295,380)</i>	<i>250,000</i>	<i>61,100</i>	<i>15,720</i>
<i>Net Change in Fund Balances</i>	<i>499,631</i>	<i>(620,445)</i>	<i>138,457</i>	<i>17,643</i>
<i>Fund Balances Beginning of Year as Previously Reported</i>	<i>5,561,229</i>	<i>1,500,000</i>	<i>750,081</i>	<i>7,811,310</i>
Restatement - See Note 24	84,042	0	(84,042)	0
<i>Restated Fund Balance Beginning of Year</i>	<i>5,645,271</i>	<i>1,500,000</i>	<i>666,039</i>	<i>7,811,310</i>
<i>Fund Balances End of Year</i>	<i>\$6,144,902</i>	<i>\$879,555</i>	<i>\$804,496</i>	<i>\$7,828,953</i>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances -Total Governmental Funds	\$17,643
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:	
Capital Asset Additions	1,580,479
Current Year Depreciation	<u>(572,349)</u>
Total	1,008,130
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	23,921
Income Tax	6,625
Intergovernmental	(6,445)
Tuition and Fees	<u>2,739</u>
Total	26,840
Financed purchases issued in the governmental funds increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activitie	(15,720)
Financed purchases payments are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	9,074
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	528,309
OPEB	<u>16,982</u>
Total	545,291
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities:	
Pension	(357,031)
OPEB	<u>71,789</u>
Total	(285,242)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	<u>(70,817)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$1,235,199</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance With
	Original	Final	Actual	Final Budget
Revenues				
Property Taxes	\$1,229,507	\$1,229,507	\$1,489,627	\$260,120
Income Taxes	538,862	538,862	723,109	184,247
Intergovernmental	5,895,782	5,895,782	5,301,024	(594,758)
Interest	10,526	10,526	352,683	342,157
Charges for Services	91,571	91,571	86,014	(5,557)
Tuition and Fees	62,521	62,521	53,781	(8,740)
Contributions and Donations	100	100	629	529
Miscellaneous	458,999	458,999	79,525	(379,474)
<i>Total Revenues</i>	<u>8,287,868</u>	<u>8,287,868</u>	<u>8,086,392</u>	<u>(201,476)</u>
Expenditures				
Current:				
Instruction:				
Regular	3,379,194	2,829,763	2,634,473	195,290
Special	1,339,579	984,997	948,515	36,482
Vocational	7,015	6,761	4,610	2,151
Support Services:				
Pupils	548,578	514,879	441,169	73,710
Instructional Staff	78,796	78,075	71,961	6,114
Board of Education	22,298	22,232	21,679	553
Administration	823,526	807,638	800,112	7,526
Fiscal	356,872	356,872	341,047	15,825
Business	582	582	0	582
Operation and Maintenance of Plant	2,398,858	1,490,518	1,412,305	78,213
Pupil Transportation	440,066	352,435	293,006	59,429
Central	188,732	303,577	290,509	13,068
Extracurricular Activities	274,487	261,487	224,322	37,165
<i>Total Expenditures</i>	<u>9,858,583</u>	<u>8,009,816</u>	<u>7,483,708</u>	<u>526,108</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,570,715)</u>	<u>278,052</u>	<u>602,684</u>	<u>324,632</u>
Other Financing Sources (Uses)				
Advances In	67,440	166,512	296,332	129,820
Advances Out	(104,976)	(104,976)	(104,976)	0
Transfers Out	(212,028)	(311,100)	(311,100)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(249,564)</u>	<u>(249,564)</u>	<u>(119,744)</u>	<u>129,820</u>
<i>Net Change in Fund Balance</i>	<u>(1,820,279)</u>	<u>28,488</u>	<u>482,940</u>	<u>454,452</u>
<i>Fund Balance Beginning of Year</i>	<u>5,437,926</u>	<u>5,437,926</u>	<u>5,437,926</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>2,530</u>	<u>2,530</u>	<u>2,530</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,620,177</u>	<u>\$5,468,944</u>	<u>\$5,923,396</u>	<u>\$454,452</u>

See accompanying notes to the basic financial statements

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

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's two instructional/support facilities staffed by 40 certified employees, 30 classified employees and 4 administrators who provide services to 350 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool 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. The School District has no component units.

The School District is associated with two jointly governed organizations and two risk sharing pools. These organizations are the Area Cooperative Computerized Education Service System, the Mahoning County Career and Technical Center, Ohio Association of School Business Officials Workers' Compensation Group Rating Program and the Portage Area Schools Consortium. These organizations are presented in Notes 13 and 15 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

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.

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. In reporting its financial activities, the School District funds are 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 is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Capital Improvement Fund This fund accounts for and reports the accumulation of resources committed to the acquisition, construction, or improvement of capital assets under ORC 5705.13 (C).

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

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

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred 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, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in 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, interest, grants, tuition and fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 17 and 18.

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the 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, income taxes, intergovernmental grants and tuition and fees 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 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 17 and 18.)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as inventory held for resale.

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

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.

Cash and Cash Equivalents

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

During fiscal year 2024, the School District's investments were limited to commercial paper, STAR Ohio, money market accounts, negotiable certificates of deposit, US treasury notes, federal farm credit banks notes and federal home loan bank notes.

Investments, except for commercial paper and STAR ohio, are reported at fair value which is based on quoted market prices. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings/interest credited to the general fund during fiscal year 2024 amounted to \$447,347, of which \$99,843 was assigned from other School District funds.

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

Inventory

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

Capital Assets

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

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

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

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Description	Governmental Activities Estimated Lives
<i>Tangible Assets</i>	
Land Improvements	10 - 20 years
Building and Improvements	10 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Textbooks	10 years
Vehicles	5 - 10 years
<i>Intangible Right to Use Subscription Assets</i>	
Intangible Right to Use - Software	5 - 10 years

The School District is reporting intangible right to use assets related to subscription assets. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying asset. Development in progress is reported for payments made prior to the beginning of the subscription term.

SBITA's

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position.

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 employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

Accrued Liabilities and Long-term Obligations

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

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In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, and are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability (asset) 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 are recognized as a liability on the governmental fund financial statements when due.

Internal Activity

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

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

Interfund Balances

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

Fund Balance

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

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

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

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

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Notes to the Basic Financial Statements
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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 Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution or State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balances for school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2025 budget.

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

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

Prepaid Items

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

Net Position

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

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

Unearned Revenue

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

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.

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Budgetary Data

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

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

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

Note 3 – Fund Balances

Fund balance is classified as 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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Capital Improvement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Prepaid Items	\$2,790	\$0	\$0	\$2,790
Materials and Supplies	0	0	594	594
<i>Total Nonspendable</i>	2,790	0	594	3,384
<i>Restricted for</i>				
Food Service Operations	0	0	128,505	128,505
Instructional Services	0	0	32,500	32,500
Extracurricular Activities	0	0	40,890	40,890
Debt Service Payments	0	0	545,322	545,322
Capital Improvements	0	0	122,121	122,121
<i>Total Restricted</i>	\$0	\$0	\$869,338	\$869,338

Sebring Local School District
Notes to the Basic Financial Statements
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Fund Balances	General	Capital Improvement	Other Governmental Funds	Total
<i>Committed to</i>				
Capital Improvements	\$0	\$879,555	\$0	\$879,555
Termination Benefits	455,000	0	0	455,000
<i>Total Committed</i>	455,000	879,555	0	1,334,555
<i>Assigned to</i>				
Public School Support	27,087	0	0	27,087
Fiscal Year 2025 Operations	454,451	0	0	454,451
Purchases on Order:				
Support Services	1,399	0	0	1,399
<i>Total Assigned</i>	482,937	0	0	482,937
<i>Unassigned (Deficit)</i>	5,204,175	0	(65,436)	5,138,739
<i>Total Fund Balances</i>	\$6,144,902	\$879,555	\$804,496	\$7,828,953

Note 4 – Accountability

Fund balances at June 30, 2024 included the following individual fund deficits.

Other Governmental Funds:

Scholarship	\$30,226
Elementary and Secondary School Emergency Relief	18,282
Title I	10,283
Title VI-B	6,327
Miscellaneous Federal Grants	318

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

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

Sebring Local School District
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3. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
5. Budgetary revenues and expenditures of the public school support and severance funds are classified to general fund for GAAP reporting.
6. Investments are reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$499,631
Net Adjustment for Revenue Accruals	23,779
Advances In	296,332
Beginning Fair Value Adjustment for Investments	(95,543)
Ending Fair Value Adjustment for Investments	7,166
Perspective Difference:	
Public School Support	(5,646)
Net Adjustment for Expenditure Accruals	(136,404)
Advances Out	(104,976)
Encumbrances	(1,399)
Budget Basis	<u>\$482,940</u>

Note 6 - Deposits and Investments

Monies held by the School District are classified into three categories: active deposits, inactive deposits and interim deposits.

Active monies are public monies 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.

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

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

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

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

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

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Notes to the Basic Financial Statements
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Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Amortized Cost:				
Commercial Paper	\$438,634	Less than one year	A-1	6.76%
Net Asset Value (NAV) per share:				
STAR Ohio	3,399,220	Average 46.5 Days	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Account	14,633	Less than one year	N/A	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	1,575,714	Less than two years	N/A	24.27%
US Treasury Notes	215,381	Less than five years	AA+	N/A
Federal Farm Credit Bank Notes	303,036	Less than five years	AA+	N/A
Federal Home Loan Bank Notes	545,834	Less than five years	AAA	8.41%
Total	<u>\$6,492,452</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. STAR Ohio funds are measured at net asset value per share. Commercial paper is measured at amortized cost. The money market is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs)

Interest Rate Risk The School District has no investment policy that addresses the interest rate risk. As a means of limiting its exposure to fair value losses caused by rising interest rates, State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the exception that it will be held to maturity. To date, no investments have been purchased with a life greater than five years.

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

Credit Risk Investments of the School District carry ratings as indicated in the previous table. The negotiable certificates of deposit are not rated. The School District does not have an investment policy that addresses credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization, the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization and that the commercial paper be rated in the highest category at the time of purchase by at least two nationally recognized statistical rating organization.

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

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 distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received 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 revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2024, was \$31,144 in the general fund and \$1,856 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2023, was \$34,472 in the general fund and \$2,528 in the permanent improvement capital projects fund.

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

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$49,027,010	91.58 %	\$68,692,640	93.23 %
Public Utility Personal	4,510,190	8.42	4,987,130	6.77
Total	<u>\$53,537,200</u>	<u>100.00 %</u>	<u>\$73,679,770</u>	<u>100.00 %</u>
Full Tax Rate per \$1,000 of assessed valuation	\$54.70		\$54.70	

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

Note 8 – School District Income Tax

The voters of the School District passed a 1 percent, five-year School District income tax in the November 2006 election that became effective January 1, 2007. The income tax was renewed for five-years beginning May 1, 2021. The School District income tax revenue received by the general fund during fiscal year 2024 was \$729,970.

Note 9 – Capital Assets

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

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024
Nondepreciable Capital Assets				
Land	\$219,600	\$0	\$0	\$219,600
Construction in Progress	1,137,313	871,450	(1,270,931)	737,832
Development in Progress	0	17,105	0	17,105
<i>Total Nondepreciable Capital Assets</i>	<u>1,356,913</u>	<u>888,555</u>	<u>(1,270,931)</u>	<u>974,537</u>
Depreciable Capital Assets				
<i>Tangible Assets</i>				
Land Improvements	2,217,627	40,280	0	2,257,907
Buildings and Improvements	17,870,127	1,659,243	0	19,529,370
Furniture, Fixtures and Equipment	1,562,255	214,482	(318,182)	1,458,555
Textbooks	200,764	0	0	200,764
Vehicles	511,039	48,850	0	559,889
<i>Total at Depreciable Capital Assets</i>	<u>22,361,812</u>	<u>1,962,855</u>	<u>(318,182)</u>	<u>24,006,485</u>
Less: Accumulated Depreciation				
<i>Depreciation</i>				
Land Improvements	(1,514,992)	(67,935)	0	(1,582,927)
Buildings and Improvements	(14,071,900)	(321,300)	0	(14,393,200)
Furniture, Fixtures and Equipment	(850,894)	(139,292)	318,182	(672,004)
Textbooks	(200,764)	0	0	(200,764)
Vehicles	(313,367)	(43,822)	0	(357,189)
<i>Total Accumulated Depreciation</i>	<u>(16,951,917)</u>	<u>(572,349) *</u>	<u>318,182</u>	<u>(17,206,084)</u>
<i>Depreciable Capital Assets, Net</i>	<u>5,409,895</u>	<u>1,390,506</u>	<u>0</u>	<u>6,800,401</u>
<i>Governmental Activities Capital Assets, Net</i>	<u><u>\$6,766,808</u></u>	<u><u>\$2,279,061</u></u>	<u><u>(\$1,270,931)</u></u>	<u><u>\$7,774,938</u></u>

* Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$419,787
Support Services	
Administration	5,800
Operation and Maintenance of Plant	91,037
Pupil Transportation	33,437
Operation of Food Service	4,030
Extracurricular Activities	18,258
Total Depreciation Expense	<u><u>\$572,349</u></u>

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

Note 10 – Long-Term Obligations

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

	Principal Outstanding July 1, 2023	Additions	Deductions	Principal Outstanding June 30, 2024	Amount Due in One Year
Long-term Obligations					
Net Pension Liability:					
STRS	\$4,787,329	\$0	(\$427,823)	4,359,506	\$0
SERS	1,247,898	30,076	0	1,277,974	0
<i>Total Net Pension Liability</i>	6,035,227	30,076	(427,823)	5,637,480	0
Net OPEB Liability:					
SERS	332,202	59,654	0	391,856	0
Financed Purchases - from Direct Borrowings	21,395	15,720	(9,074)	28,041	10,253
Compensated Absences	566,432	307,972	(237,155)	637,249	318,077
<i>Total Long-Term Liabilities</i>	<u>\$6,955,256</u>	<u>\$413,422</u>	<u>(\$674,052)</u>	<u>\$6,694,626</u>	<u>\$328,330</u>

Compensated absences will be paid from the general fund and the food service special revenue funds. There are no repayment schedules for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: the general fund and the food service, elementary and secondary school emergency relief, title VI-B and title I special revenue funds. See Notes 17 and 18 for additional information related to the net pension/OPEB liabilities.

Financed Purchases from Direct Borrowings – During 2022, the School District entered into a financed purchase agreement from direct borrowing at an interest rate of 7.83 percent for School District wide copiers in the amounts of \$36,256 to be paid from the general fund. During 2024, the School District entered into a financed purchase agreement from direct borrowing at an interest rate of 8.43 percent for copiers in the amount of \$15,720 to be paid from the general fund.

The overall debt margin of the School District as of June 30, 2024, was \$6,631,179 with an unvoted debt margin of \$73,680. Principal and interest requirements to retire financed purchases outstanding at June 30, 2024, are as follows:

Fiscal Year Ending June 30	<i>From Direct Borrowings</i>	
	Financed Purchases	
	Principal	Interest
2025	\$10,253	\$1,908
2026	9,690	1,063
2027	3,153	563
2028	3,430	286
2029	1,515	34
Total	<u>\$28,041</u>	<u>\$3,854</u>

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

Note 11 - Receivables

Receivables at June 30, 2024, consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Foundation Adjustments	\$46,675
SERS Reimbursement	38,193
Title I Grant	30,500
Title VI-B Grant	9,508
Food Service Reimbursements	9,215
Title IV-A Grant	1,979
Elementary Secondary School	
Emergency Relief Grant	<u>322</u>
Total	<u><u>\$136,392</u></u>

Note 12 - Contingencies

Grants

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

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 have been finalized. The final adjustment was not material and is not reflected in the accompanying financial statements.

Litigation

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

Sebring Local School District
Notes to the Basic Financial Statements
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Note 13 - Jointly Governed Organizations

Area Cooperative Computerized Education Service System (ACCESS) The Area Cooperative Computerized Educational Service System (ACCESS) is a jointly governed organization among 26 school districts and 2 educational service centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge based upon a per pupil charge before any e-rate credits. Sebring Local School District paid \$837 monthly to ACCESS during fiscal year 2024. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who services as fiscal agent, at 493 Bev Road, Unit 1, Boardman, Ohio 44512.

Mahoning County Career and Technical Center

The Mahoning County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of representatives from the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. The School District did not contribute any amounts to the Mahoning County Career and Technical Center during fiscal year 2024. To obtain financial information, write to the Treasurer of the Career and Technical Center at 7300 North Palmyra Road, Canfield, Ohio 44406.

Note 14 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2024, the School District contracted with Liberty Mutual for the following insurance coverage:

Type of Coverage	Coverage Amount
Building and Contents - Replacement Cost	\$49,267,344
Boiler and Machinery (\$500 deductible)	14,145,000
Inland Marine Coverage (\$100 deductible)	62,500
General Liability:	
In Aggregate	3,000,000
Per Occurrence	1,000,000
Fleet Insurance:	
Uninsured Motorists	1,000,000
Comprehensive (deductibles: \$1,000 bus/\$250 other)	1,000,000
Collision (deductibles: \$1,000 bus/\$500 other)	1,000,000

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

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

Employee Health Benefits

The School District participates in the Portage Area Schools Consortium (the Consortium), which is a cooperative entity among 14 educational-service providers formed in 1981 to facilitate effective risk management and to share the cost of providing various insurance coverages and employee benefits. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as health, disability and life insurances. A third party administrator is retained by the Consortium to facilitate the operation of the Health and Welfare Trust. The School District pays all insurance premiums directly to the Consortium. The insurance agreement with the Consortium will reinsure through commercial companies for claims over \$150,000 per employee. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board, as provided in the Consortium's enabling authority. Although the School District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet claims.

Worker's Compensation

For fiscal year 2024, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 15). 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 program. The participating school districts pay experience or rate based premiums to the Bureau of Workers' Compensation (BWC). The total premium for the entire group is the standard premium of the group. Participation in the program 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 for the program.

Note 15 – Public Entity Pools

Insurance Purchasing Pool

Ohio Association of School Business Officials Workers' Compensation Group Rating Program The School District participates in the a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. 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 Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as the coordinator of the GRP. Each year, participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Shared Risk Pool

Portage Area Schools Consortium The School District participates in the Portage Area Schools Consortium (the Consortium). This is a shared risk pool regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in Columbiana, Portage and Mahoning counties. The Consortium is a stand-alone entity, comprised of two stand-alone pools; the Portage Area Schools Consortium Property and Casualty Pool and the Portage Area Schools Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to federal tax filing requirements.

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

Note 16 – Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation. Administrators earn twenty to twenty-five days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 290 days for all personnel. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit up to a maximum of 60 days for certified employees and one-third of accrued but unused sick leave credit up to a maximum of 65 days for classified employees.

Note 17 – 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 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.

Sebring Local School District
Notes to the Basic Financial Statements
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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 18 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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.

Sebring Local School District
Notes to the Basic Financial Statements
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The School District's contractually required contribution to SERS was \$134,703 for fiscal year 2024. Of this amount \$7,777 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$393,606 for fiscal year 2024. Of this amount \$54,390 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02312860%	0.02024387%	
Prior Measurement Date	0.02307170%	0.02153532%	
Change in Proportionate Share	0.00005690%	-0.00129145%	
Proportionate Share of the Net			
Pension Liability	\$1,277,974	\$4,359,506	\$5,637,480
Pension Expense	\$90,818	\$266,213	\$357,031

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$54,930	\$158,939	\$213,869
Changes of assumptions	9,053	359,029	368,082
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	4,335	704	5,039
School District contributions subsequent to the measurement date	134,703	393,606	528,309
Total Deferred Outflows of Resources	<u>\$203,021</u>	<u>\$912,278</u>	<u>\$1,115,299</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$9,674	\$9,674
Changes of assumptions	0	270,245	270,245
Net difference between projected and actual earnings on pension plan investments	17,963	13,066	31,029
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	8,991	294,069	303,060
Total Deferred Inflows of Resources	<u>\$26,954</u>	<u>\$587,054</u>	<u>\$614,008</u>

\$528,309 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$2,776	(\$139,193)	(\$136,417)
2026	(46,380)	(225,224)	(271,604)
2027	84,016	376,217	460,233
2028	952	(80,182)	(79,230)
Total	<u>\$41,364</u>	<u>(\$68,382)</u>	<u>(\$27,018)</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.

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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 as follows:

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

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

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

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:

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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
Total	<u>100.00 %</u>	

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$1,886,225	\$1,277,974	\$765,639

Actuarial Assumptions – STRS

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

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

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

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Notes to the Basic Financial Statements
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Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

* Final target weights reflected at October 1, 2022.

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,703,953	\$4,359,506	\$2,376,743

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

Note 18 – Defined Benefit OPEB Plans

See Note 17 for a description of the net OPEB liability/asset.

School Employees Retirement System (SERS)

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$16,982.

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 \$16,982 for fiscal year 2024, of which \$16,982 is reported as an intergovernmental payable.

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

State Teachers Retirement System (STRS)

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

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, 2024, 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.02378570%	0.02024387%	
Prior Measurement Date	0.02366100%	0.02153532%	
Change in Proportionate Share	0.00012470%	-0.00129145%	
Proportionate Share of the:			
Net OPEB Liability	\$391,856	\$0	\$391,856
Net OPEB (Asset)	\$0	(\$393,715)	(\$393,715)
OPEB Expense	(\$39,575)	(\$32,214)	(\$71,789)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$816	\$614	\$1,430
Changes of assumptions	132,499	58,000	190,499
Net difference between projected and actual earnings on OPEB plan investments	3,037	703	3,740
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	14,976	6,643	21,619
School District contributions subsequent to the measurement date	16,982	0	16,982
Total Deferred Outflows of Resources	<u>\$168,310</u>	<u>\$65,960</u>	<u>\$234,270</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$202,095	\$60,051	\$262,146
Changes of assumptions	111,291	259,768	371,059
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	59,371	813	60,184
Total Deferred Inflows of Resources	<u>\$372,757</u>	<u>\$320,632</u>	<u>\$693,389</u>

\$16,982 is reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$70,245)	(\$114,429)	(\$184,674)
2026	(58,717)	(52,406)	(111,123)
2027	(39,536)	(19,511)	(59,047)
2028	(27,230)	(26,603)	(53,833)
2029	(17,878)	(24,254)	(42,132)
Thereafter	(7,823)	(17,469)	(25,292)
Total	<u>(\$221,429)</u>	<u>(\$254,672)</u>	<u>(\$476,101)</u>

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.

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-

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

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 17.

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	\$500,905	\$391,856	\$305,867

	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	\$287,883	\$391,856	\$529,635

Sebring Local School District
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 as follows:

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

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

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

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 17.

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.

Sebring Local School District
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)	(\$333,228)	(\$393,715)	(\$446,393)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$448,837)	(\$393,715)	(\$327,322)

Note 19 – Interfund Balances and Transfers

Interfund Balances

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

Interfund Payable	Interfund Receivable General
<i>Other Governmental Funds:</i>	
Special Trust	\$17,226
Title VI-B	9,508
Title IV-A	1,979
Student Activities	1,011
Miscellaneous Federal Grants	600
Elementary and Secondary School Emergency Relief	322
Grand Total	<u>\$30,646</u>

The interfund receivables and payables are advances due to the timing of the receipt of grant monies received by various funds. The general fund provides money to operate the programs until grants are received and the advances can be repaid. These advances are expected to be repaid within the next fiscal year.

Interfund Transfers

During fiscal year 2024, the general fund transferred \$250,000 to the capital projects fund to provide financing for upcoming capital projects. The general fund also transferred \$45,000 and \$16,100 to the athletics and music and Miscellaneous Federal Grants special revenue funds, respectively, to provide financial support for programs.

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

Note 20 - Set Asides

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

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

	<u>Capital Improvements</u>
Set Aside Balance as of June 30, 2023	\$0
Current Year Set-aside Requirement	77,887
Current Year Offsets	(97,285)
Qualifying Disbursements	<u>(661,307)</u>
Total	<u>(\$680,705)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set Aside Balance as of June 30, 2024	<u>\$0</u>

Although the School District had current year offsets and disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 21 - Encumbrances

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

Governmental Funds	
General	\$1,399
Other Governmental Funds	<u>387,756</u>
<i>Total Governmental Funds</i>	<u>\$389,155</u>

Note 22 – Tax Abatements

School District property taxes were reduced by \$4,001 under community reinvestment area agreements entered into by the Village of Sebring.

Note 23 – COVID-19

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

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

Note 24 – Accounting Changes, Error Corrections, and Restatement of Fund Balances and Net Position

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.

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

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

During fiscal year 2024, it was determined, nondepreciable capital assets were understated by \$41,128 and depreciable capital assets were understated by \$116,425 and net position of governmental activities for \$157,553, the carrying amount of these assets. Although assets of \$116,425 were depreciable assets, depreciation was not taken in the year of acquisition. The program expense for support services operation and maintenance of plant was also overstated by \$157,553 and the change in net position was understated by the same amount due to no longer reflecting the functional expense for the acquisition of the noncapitalized asset.

The School District had their capital assets evaluated and determined depreciable capital assets were understated by \$916,977 and accumulated depreciation was understated by \$1,883,302. For financial statement reporting purposes, capital assets are presented net of accumulated depreciation. The depreciable assets were purchased prior to June 30, 2022, and should have been reflected in the beginning net position on the statement activities. The accumulated depreciation restatement will impact fiscal year 2023's change in net position on the statement of activities by reflecting an increase in functional depreciation expense of \$19,825. At June 30, 2023, capital assets and net position reported on the statement of net position were overstated due to capital assets being understated by \$916,977 and due to accumulated depreciation being understated by \$1,883,302 (\$19,825 related to 2023 activity and \$1,863,477 related to activity prior to 2023).

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

During fiscal year 2024, it was determined interfund receivable was understated in the general fund by \$84,042 at June 30, 2023. The expenditure for transfers out was also overstated and the change in fund balance was understated by the same amount.

During fiscal year 2024, it was determined interfund payable was understated in the other governmental funds by \$84,042 at June 30, 2023. The revenue for transfers in was also overstated and the change in fund balance was understated by the same amounts.

Error Corrections

The effect of these corrections of an error are shown in the table below:

	Error Corrections				6/30/2023 As Restated/ Adjusted
	6/30/2023 As Previously Reported	Capital Asset Additions	Asset Evaluation	Interfund Receivable (Payable)	
Government-Wide					
Governmental Activities	\$9,299,804	\$157,553	(\$966,325)	\$0	\$8,491,032
Governmental Funds					
Major Funds:					
General	\$5,561,229	\$0	\$0	\$84,042	\$5,645,271
Capital Improvement	1,500,000	0	0	0	1,500,000
All Other Governmental Funds	750,081	0	0	(84,042)	666,039
Total Governmental Funds	\$7,811,310	\$0	\$0	\$0	\$7,811,310

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Required Supplementary Information

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

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.02312860%	0.02307170%	0.02353220%	0.02484180%
School District's Proportionate Share of the Net Pension Liability	\$1,277,974	\$1,247,898	\$868,269	\$1,643,089
School District's Covered Payroll	\$914,907	\$877,300	\$830,700	\$845,400
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.68%	142.24%	104.52%	194.36%
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
0.02375350%	0.02475680%	0.02546090%	0.02873860%	0.02429860%	0.02928400%
\$1,421,213	\$1,417,867	\$1,521,233	\$2,103,400	\$1,386,502	\$1,482,046
\$873,370	\$807,714	\$842,657	\$742,236	\$657,314	\$781,205
162.73%	175.54%	180.53%	283.39%	210.93%	189.71%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

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

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.02378570%	0.02366100%	0.02447360%	0.02583890%
School District's Proportionate Share of the Net OPEB Liability	\$391,856	\$332,202	\$463,182	\$561,564
School District's Covered Payroll	\$914,907	\$877,300	\$830,700	\$845,400
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.83%	37.87%	55.76%	66.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.02440140%	0.02508670%	0.02584100%	0.02584100%
\$613,644	\$695,973	\$693,505	\$736,594
\$873,370	\$807,714	\$842,657	\$742,236
70.26%	86.17%	82.30%	99.24%
15.57%	13.57%	12.46%	11.49%

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

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.02024387%	0.02153532%	0.02135478%	0.02178964%
School District's Proportionate Share of the Net Pension Liability	\$4,359,506	\$4,787,329	\$2,730,401	\$5,272,317
School District's Covered Payroll	\$2,734,786	\$2,725,329	\$2,629,757	\$2,812,607
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.41%	175.66%	103.83%	187.45%
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
0.02239401%	0.02245783%	0.02239972%	0.02407597%	0.02345408%	0.02471351%
\$4,952,301	\$4,937,973	\$5,321,101	\$8,058,953	\$6,482,022	\$6,011,180
\$2,875,936	\$2,553,079	\$2,462,571	\$2,505,407	\$2,539,136	\$2,638,577
172.20%	193.41%	216.08%	321.66%	255.28%	227.82%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Asset/Liability	0.02024387%	0.02153532%	0.02135478%	0.02178964%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$393,715)	(\$557,621)	(\$450,247)	(\$382,952)
School District's Covered Payroll	\$2,734,786	\$2,725,329	\$2,629,757	\$2,812,607
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.40%	-20.46%	-17.12%	-13.62%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.02239401%	0.02245783%	0.02239972%	0.02239972%
(\$370,898)	(\$360,874)	\$873,954	\$1,197,943
\$2,875,936	\$2,553,079	\$2,462,571	\$2,505,407
-12.90%	-14.13%	35.49%	47.81%
174.70%	176.00%	47.10%	37.30%

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

	2024	2023	2022	2021
Net Pension Liability				
Contractually Required Contribution	\$134,703	\$128,087	\$122,822	\$116,298
Contributions in Relation to the Contractually Required Contribution	<u>(134,703)</u>	<u>(128,087)</u>	<u>(122,822)</u>	<u>(116,298)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$962,164	\$914,907	\$877,300	\$830,700
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$16,982	\$17,314	\$15,810	\$16,687
Contributions in Relation to the Contractually Required Contribution	<u>(16,982)</u>	<u>(17,314)</u>	<u>(15,810)</u>	<u>(16,687)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.76%</u>	<u>1.89%</u>	<u>1.80%</u>	<u>2.01%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.76%</u>	<u>15.89%</u>	<u>15.80%</u>	<u>16.01%</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

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$118,356	\$117,905	\$109,041	\$117,972	\$103,903	\$86,634
<u>(118,356)</u>	<u>(117,905)</u>	<u>(109,041)</u>	<u>(117,972)</u>	<u>(103,903)</u>	<u>(86,634)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$845,400	\$873,370	\$807,714	\$842,657	\$742,236	\$657,314
<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>
\$16,886	\$19,537	\$17,463	\$14,103	\$14,904	\$17,373
<u>(16,886)</u>	<u>(19,537)</u>	<u>(17,463)</u>	<u>(14,103)</u>	<u>(14,904)</u>	<u>(17,373)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.00%</u>	<u>2.24%</u>	<u>2.16%</u>	<u>1.67%</u>	<u>2.01%</u>	<u>2.64%</u>
<u>16.00%</u>	<u>15.74%</u>	<u>15.66%</u>	<u>15.67%</u>	<u>16.01%</u>	<u>15.82%</u>

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

	2024	2023	2022	2021
Net Pension Liability				
Contractually Required Contribution	\$393,606	\$382,870	\$381,546	\$368,166
Contributions in Relation to the Contractually Required Contribution	<u>(393,606)</u>	<u>(382,870)</u>	<u>(381,546)</u>	<u>(368,166)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$2,811,471	\$2,734,786	\$2,725,329	\$2,629,757
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Net OPEB Liability (1)

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability there were no OPEB related required contributions for 2015-2024, STRS did not allocate any employer contributions to postemployment health care; therefore, there is not 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
\$393,765	\$402,631	\$357,431	\$344,760	\$350,757	\$355,479
<u>(393,765)</u>	<u>(402,631)</u>	<u>(357,431)</u>	<u>(344,760)</u>	<u>(350,757)</u>	<u>(355,479)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,812,607	\$2,875,936	\$2,553,079	\$2,462,571	\$2,505,407	\$2,539,136
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

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:

	Fiscal Years 2024-2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

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

Changes in Assumptions – STRS

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

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

	<u>Fiscal Years 2024-2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living 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 year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

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

Changes in Benefit Term – STRS

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

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:

	<u>2024-2022</u>	<u>2021 and Prior</u>
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

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

Changes in Assumptions – STRS

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

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

For fiscal 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

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.

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

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.

**SEBRING LOCAL SCHOOL DISTRICT
MAHONING COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	006	\$ 67,812
National School Lunch Program	10.555	006	215,334
National School Lunch Program-Commodities	10.555	006	17,783
Total Child Nutrition Cluster			<u>300,929</u>
COVID-19 Pandemic Electronic Benefits Transfer (P-EBT)	10.649	006	13,878
Total Pandemic Electronic Benefits Transfer (P-EBT)			<u>13,878</u>
Total U.S. Department of Agriculture			<u>314,807</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010	572-9223	18,309
Title I Grants to Local Educational Agencies	84.010	572-9224	234,495
Expanding Opportunities for Each Child	84.010	572-9424	48,077
Title I, SSI	84.010	536-9224	94,370
Total Title I Grants to Local Educational Agencies			<u>395,251</u>
Special Education Cluster:			
IDEA Part B	84.027	516-9224	134,134
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP IDEA) Fund	84.027	516-9423	21,943
Early Childhood Special Education	84.173	587-9024	4,395
Total Special Education Cluster			<u>160,472</u>
Improving Teacher Quality - State Grants	84.367	590-9224	24,570
Total Improving Teacher Quality - State Grants			<u>24,570</u>
Stronger Connections Grant	84.424	584-9422	48,628
Title IV-A Student Support and Academic Achievement	84.424	584-9224	15,377
Total Title IV-A Student Support and Academic Achievement			<u>64,005</u>
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	507-9422	249,273
COVID-19 American Rescue Plan Elementary and and Youth (ARP-HCY)	84.425W	507-9423	14,544
Total Elementary and Secondary School Emergency Relief (ESSER) Fund			<u>263,817</u>
Title III English Learner	84.365	551-9024	500
Total Title III English Learner			<u>500</u>
Small, Rural School Achievement Program (REAP) Grant	84.358	599-9321	13,002
Total Small, Rural School Achievement Program (REAP) Grant			<u>13,002</u>
Total U.S. Department of Education			<u>921,617</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	599-9323	83,320
Total Coronavirus State and Local Fiscal Recovery Funds			<u>83,320</u>
Total U.S. Department of Treasury			<u>83,320</u>
Total Expenditures of Federal Awards			<u>\$1,319,744</u>

The accompanying notes are an integral part of this schedule.

**SEBRING LOCAL SCHOOL DISTRICT
MAHONING 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 Sebring Local School District (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 or changes in net position 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 - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 9,583
Improving Teacher Quality - State Grants	84.367	\$ 24,291

OHIO AUDITOR OF STATE KEITH FABER



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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

Sebring Local School District
Mahoning County
510 North 14th Street
Sebring, Ohio 44672

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sebring Local School District, Mahoning 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 18, 2025, wherein we noted the School District restated capital assets and net position of Governmental Activities and interfund receivable/payable and fund balances for the General and All Other Governmental funds as of June 30, 2024.

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.

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 18, 2025



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Sebring Local School District
Mahoning County
510 North 14th Street
Sebring, Ohio 44672

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sebring Local School District's, Mahoning County, (the 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 Sebring Local School District's major federal program for the year ended June 30, 2024. Sebring Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the 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 the 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 the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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.

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 18, 2025

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**SEBRING LOCAL SCHOOL DISTRICT
MAHONING 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):	Title I – AL#84.010
(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?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



SEBRING LOCAL SCHOOL DISTRICT

MAHONING 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 3/27/2025

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