



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTH EUCLID-LYNDHURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2024**

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**SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

South Euclid-Lyndhurst City School District
Cuyahoga County
5044 Mayfield Road
Lyndhurst, Ohio 44124

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2025

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South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

Financial Highlights

Key financial highlights for 2024 are as follows:

- Total net position increased during fiscal year 2024 primarily due to increases in capital assets along with changes in the net pension and OPEB asset/liabilities and the deferrals associated with these asset/liabilities.
- The increase in capital assets was due to current year additions exceeding depreciation/amortization. Additions included ongoing construction in progress for a new server system and installation of a new heating ventilation and air conditioning system. Completed projects added include electronic locking door system, roofing improvements to greenview upper elementary, new scoreboard, various equipment such as seating furniture, dell laptops, chromebooks, and two new vehicles.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

In the Statement of Net Position and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and non-instructional services.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

The School District as a Whole

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

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

(Table 1)

Net Position

	Governmental Activities		
	2024	2023	Change
Assets			
Current and Other Assets	\$95,395,861	\$88,650,720	\$6,745,141
Net OPEB Asset	3,955,089	5,343,619	(1,388,530)
Capital Assets, Net	37,773,214	30,780,787	6,992,427
<i>Total Assets</i>	<u>137,124,164</u>	<u>124,775,126</u>	<u>12,349,038</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	49,996	59,226	(9,230)
Pension	11,552,664	14,055,180	(2,502,516)
OPEB	2,463,218	1,411,058	1,052,160
Asset Retirement Obligation	11,700	12,600	(900)
<i>Total Deferred Outflows of Resources</i>	<u>14,077,578</u>	<u>15,538,064</u>	<u>(1,460,486)</u>
Liabilities			
Current Liabilities	9,693,170	8,757,792	(935,378)
Long Term Liabilities:			
Due Within One Year	2,729,006	2,761,452	32,446
Due in More than One Year			
Net Pension Liability	58,685,204	61,800,993	3,115,789
Net OPEB Liability	4,397,211	4,057,298	(339,913)
Other Amounts	19,683,655	11,803,692	(7,879,963)
<i>Total Liabilities</i>	<u>95,188,246</u>	<u>89,181,227</u>	<u>(6,007,019)</u>
Deferred Inflows of Resources			
Property Taxes	46,692,917	45,955,529	(737,388)
Payments in Lieu of Taxes	270,364	166,818	(103,546)
Pension	5,644,027	6,501,805	857,778
OPEB	8,023,519	9,778,890	1,755,371
<i>Total Deferred Inflows of Resources</i>	<u>60,630,827</u>	<u>62,403,042</u>	<u>1,772,215</u>
Net Position			
Net Investment in Capital Assets	23,275,112	21,794,884	1,480,228
Restricted:			
Capital Projects	2,395,697	2,662,038	(266,341)
Debt Service	331,049	1,645	329,404
OPEB Plans	3,955,089	990,992	2,964,097
Other Purposes	880,054	889,353	(9,299)
Unrestricted (Deficit)	<u>(35,454,332)</u>	<u>(37,609,991)</u>	<u>2,155,659</u>
<i>Total Net Position</i>	<u><u>(\$4,617,331)</u></u>	<u><u>(\$11,271,079)</u></u>	<u><u>\$6,653,748</u></u>

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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 liability or the net OPEB liability. As explained previously, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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 (1) increases to current cash and cash equivalents, (2) increases in net capital assets, and (3) changes in the net pension and net OPEB (asset) liabilities and the deferred outflows and inflows associated with these liabilities. Cash and cash equivalents increased significantly as a result of cash receipts outpacing cash disbursements. Capital assets increased as a result of current year additions outpacing depreciation/amortization outpacing. Changes in pension benefits, contributions rates, and return on investments affect the balance of the net pension and net OPEB (asset) liabilities.

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

Table 2 shows the change in net position for fiscal years 2024 and 2023.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

(Table 2)
Changes in Net Position
Governmental Activities

	2024	2023	Change
Program Revenues			
Charges for Services and Sales	\$2,334,184	\$2,474,315	(\$140,131)
Operating Grants, Contributions and Interest	7,274,717	11,083,786	(3,809,069)
<i>Total Program Revenues</i>	<u>9,608,901</u>	<u>13,558,101</u>	<u>(3,949,200)</u>
General Revenues			
Property Taxes	52,774,369	51,787,685	986,684
Grants and Entitlements	12,535,000	12,311,528	223,472
Unrestricted Contributions	8,937	4,575	4,362
Investment Earnings/Interest	1,981,334	1,024,745	956,589
Payment in Lieu of Taxes	218,592	190,730	27,862
Gain from Sale of Capital Assets	0	160,915	(160,915)
Miscellaneous	727,434	377,676	349,758
<i>Total General Revenues</i>	<u>68,245,666</u>	<u>65,857,854</u>	<u>2,387,812</u>
<i>Total Revenues</i>	<u>77,854,567</u>	<u>79,415,955</u>	<u>(1,561,388)</u>
Program Expenses			
Instruction	37,512,076	37,099,744	(412,332)
Support Services:			
Pupil	7,486,846	6,198,197	(1,288,649)
Instructional Staff	1,828,673	1,988,640	159,967
Board of Education	340,750	436,085	95,335
Administration	4,192,981	4,118,214	(74,767)
Fiscal	2,270,548	2,093,550	(176,998)
Business	415,050	809,981	394,931
Operation and Maintenance of Plant	8,019,125	7,647,809	(371,316)
Pupil Transportation	2,863,645	2,949,219	85,574
Central	2,200,193	2,130,840	(69,353)
Operation of Non-Instructional Services	315,432	415,010	99,578
Operation of Food Service	1,983,087	1,884,864	(98,223)
Extracurricular Activities	1,203,493	1,381,865	178,372
Interest	568,920	152,413	(416,507)
<i>Total Program Expenses</i>	<u>71,200,819</u>	<u>69,306,431</u>	<u>(1,894,388)</u>
<i>Change in Net Position</i>	<u>6,653,748</u>	<u>10,109,524</u>	<u>(3,455,776)</u>
Net Position Beginning of Year	<u>(11,271,079)</u>	<u>(21,380,603)</u>	<u>10,109,524</u>
Net Position End of Year	<u>(\$4,617,331)</u>	<u>(\$11,271,079)</u>	<u>\$6,653,748</u>

Governmental Activities

Program revenues decreased for governmental activities in fiscal year 2024. Charges for services decreased due to a decrease in charges for services revenue during the fiscal year. Operating grants decreased in fiscal year 2024 primarily due to a reduction in COVID related grants provided to the School District. General revenues increased in fiscal year 2024 resulting from an increase in property taxes due to an increase in assessed values along with an increase in investment earnings/interest due to higher cash balances and more favorable rates of return on investments.

South Euclid-Lyndhurst City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2024

Unaudited

Instruction composes the most significant portion of governmental program expenses. The increase in program expenses results due to changes in the net pension and net OPEB liabilities as well as increases in the majority of support services program expenses.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voter levy does not increase solely as a result of inflation. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920 (HB 920). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would be assessed \$35.00 annually in taxes. If three years later the home was appraised and increased to \$200,000 (and the inflationary increase in value is comparable to the other property owners), the effective tax rate would become .5 mills and the owner would still be assessed \$35.00 and the School District would collect the same dollar value the levy generated in the year it was passed.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to voters to maintain a constant level of service. Property taxes made up the largest percentage of revenue for governmental activities for the School District in fiscal year 2024.

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

(Table 3)

Governmental Activities

Programs	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Instruction	\$37,512,076	(\$34,021,592)	\$37,099,744	(\$32,366,711)
Support Services:				
Pupil and Instructional Staff	9,315,519	(7,912,991)	8,186,837	(6,635,202)
Board of Education, Administration, Fiscal and Business	7,219,329	(6,609,010)	7,457,830	(6,856,084)
Operation and Maintenance of Plant	8,019,125	(6,368,710)	7,647,809	(4,023,494)
Pupil Transportation	2,863,645	(2,598,676)	2,949,219	(2,455,599)
Central	2,200,193	(2,122,128)	2,130,840	(2,020,284)
Non-Instructional Services	2,298,519	(402,442)	2,299,874	(98,932)
Extracurricular Activities	1,203,493	(987,449)	1,381,865	(1,139,611)
Interest	568,920	(568,920)	152,413	(152,413)
Total Expenses	<u>\$71,200,819</u>	<u>(\$61,591,918)</u>	<u>\$69,306,431</u>	<u>(\$55,748,330)</u>

The School District's Funds

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. All governmental funds had total revenues, not including other financing sources, of \$79,150,268 and expenditures, not including other financing uses, of \$82,455,227. The total fund balance for the general fund increased in fiscal year 2024 due mainly to an increase in property tax revenue and an increase in investment earnings/interest. Property taxes increased due to higher assessed valuations on property. Investment earnings/interest increased due to a change in economic conditions. The community as a whole is by far the primary support for the School District's students.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

For the general fund, final budget basis revenue was higher than the original budget estimate mainly due to an increase in estimated property taxes as funding levels became more apparent.

For the general fund, final budget basis expenditures were slightly higher than the original budget basis expenditures mainly due to increases in instructional services and support services, as a more accurate picture of the fiscal year was realized.

Capital Assets

Capital assets increased during fiscal year 2024 due to current year additions exceeding depreciation/amortization. Current year capital asset additions included ongoing construction in progress for a new server system and installation of a new heating ventilation and air conditioning system. Completed projects added include electronic locking door system, roofing improvements to greenview upper elementary, new scoreboard, various equipment such as seating furniture, dell laptops, chromebooks, and two new vehicles. Please see Note 10 for additional information.

Debt

Debt obligations outstanding as of June 30, 2024, included bonded tax anticipation notes, financed purchase, and leases. The bonded tax anticipation notes were issued in fiscal year 2021 for school building improvements as well as to fully refund the 2019 tax anticipation notes. The financed purchase was issued in fiscal year 2024 for a new heating ventilation and air conditioning system. The leases are for copiers. Principal retirement during fiscal year 2024 totaled \$1,006,855. The School District's overall debt margin was \$76,300,107 with an unvoted debt margin of \$928,306 at June 30, 2024. For more information about the School District's debt obligations, see Note 15.

Current Financial Related Activities

The financial future and well-being of any School District is not without internal and external challenges. For the most part, both internal and external challenges are quite similar in most School Districts. In this School District, a primary internal challenge is student achievement and a primary external challenge is the over-reliance on local property taxes required to fund general operations.

Unfortunately, the School District, like many in Ohio, must rely heavily on its property tax payers for both residents and businesses to support its general operations. Approximately seventy-two percent of general fund revenue is received from property taxes paid by residents and business owners. Thankfully, the South Euclid-Lyndhurst community has been extremely supportive of the School District and has approved continuing operating levies in 1978, 1982, 1986, 1991, 1994, 1998, 2001, 2005, 2008, and again in 2012.

South Euclid-Lyndhurst City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

On March 17, 2020, the residents of the School District passed a 6.9 mill additional levy that allocates 5.9 mills for general operations and 1 mill for general permanent improvements throughout the School District. The levy is continuous and will generate approximately \$5.5 million annually. The School District began collecting on the levy in January 2021.

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 any questions about this report or need additional information, contact Joshua J. Hill, Treasurer of South Euclid-Lyndhurst City School District, 5044 Mayfield Road, Lyndhurst, Ohio 44124 or hillj@sel.k12.oh.us.

Basic Financial Statements

South Euclid-Lyndhurst City School District

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$35,752,674
Cash and Cash Equivalents with Fiscal Agents	3,656,843
Accounts Receivable	10,106
Accrued Interest Receivable	16,982
Intergovernmental Receivable	1,448,288
Prepaid Items	64,930
Materials and Supplies Inventory	20,415
Inventory Held for Resale	10,774
Payments in Lieu of Taxes Receivable	270,364
Property Taxes Receivable	54,144,485
Net OPEB Asset (See Note 12)	3,955,089
Non-depreciable Capital Assets	8,762,016
Depreciable Capital Assets, Net	29,011,198
<i>Total Assets</i>	<u>137,124,164</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	49,996
Pension	11,552,664
OPEB	2,463,218
Asset Retirement Obligation	11,700
<i>Total Deferred Outflows of Resources</i>	<u>14,077,578</u>
Liabilities	
Accounts Payable	1,075,190
Contracts Payable	1,216,427
Accrued Wages and Benefits	5,892,905
Intergovernmental Payable	1,340,573
Matured Compensated Absences Payable	109,700
Unearned Revenue	11,770
Accrued Interest Payable	46,605
Long-Term Liabilities:	
Due Within One Year	2,729,006
Due In More Than One Year:	
Net Pension Liability (See Note 11)	58,685,204
Net OPEB Liability (See Note 12)	4,397,211
Other Amounts	19,683,655
<i>Total Liabilities</i>	<u>95,188,246</u>
Deferred Inflows of Resources	
Property Taxes	46,692,917
Payments in Lieu of Taxes	270,364
Pension	5,644,027
OPEB	8,023,519
<i>Total Deferred Inflows of Resources</i>	<u>60,630,827</u>
Net Position	
Net Investment in Capital Assets	23,275,112
Restricted for:	
Capital Outlay	2,395,697
Debt Service	331,049
OPEB Plans	3,955,089
Scholarships	39,161
Athletics	243,500
Auxiliary Services	107,000
Unclaimed Monies	8,429
Other Purposes	481,964
Unrestricted (Deficit)	<u>(35,454,332)</u>
<i>Total Net Position</i>	<u><u>(\$4,617,331)</u></u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$24,772,592	\$649,477	\$909,671	(\$23,213,444)
Special	10,952,446	282,261	1,556,235	(9,113,950)
Vocational	1,787,038	48,764	44,076	(1,694,198)
Support Services:				
Pupil	7,486,846	194,183	630,336	(6,662,327)
Instructional Staff	1,828,673	36,520	541,489	(1,250,664)
Board of Education	340,750	9,248	0	(331,502)
Administration	4,192,981	113,259	117,052	(3,962,670)
Fiscal	2,270,548	63,424	0	(2,207,124)
Business	415,050	10,880	296,456	(107,714)
Operation and Maintenance of Plant	8,019,125	214,062	1,436,353	(6,368,710)
Pupil Transportation	2,863,645	77,344	187,625	(2,598,676)
Central	2,200,193	60,356	17,709	(2,122,128)
Operation of Non-Instructional Services	315,432	0	346,355	30,923
Operation of Food Service	1,983,087	389,422	1,160,300	(433,365)
Extracurricular Activities	1,203,493	184,984	31,060	(987,449)
Interest	568,920	0	0	(568,920)
Totals	\$71,200,819	\$2,334,184	\$7,274,717	(61,591,918)
General Revenues				
Property Taxes Levied for:				
General Purposes				50,207,088
Debt Service				1,857,935
Capital Projects				709,346
Grants and Entitlements not Restricted to Specific Programs				12,535,000
Unrestricted Contributions				8,937
Investment Earnings/Interest				1,981,334
Payments in Lieu of Taxes				218,592
Miscellaneous				727,434
Total General Revenues				68,245,666
Change in Net Position				6,653,748
Net Position Beginning of Year				(11,271,079)
Net Position End of Year				(\$4,617,331)

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District

*Balance Sheet
Governmental Funds
June 30, 2024*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$31,947,822	\$3,796,423	\$35,744,245
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	8,429	0	8,429
Equity in Pooled Cash and Cash Equivalents with Fiscal Agent	0	3,656,843	3,656,843
Accounts Receivable	576	9,530	10,106
Accrued Interest Receivable	16,982	0	16,982
Intergovernmental Receivable	789,341	658,947	1,448,288
Prepaid Items	61,033	3,897	64,930
Materials and Supplies Inventory	16,632	3,783	20,415
Inventory Held for Resale	0	10,774	10,774
Interfund Receivable	421,600	0	421,600
Payments in Lieu of Taxes Receivable	270,364	0	270,364
Property Taxes Receivable	51,507,934	2,636,551	54,144,485
<i>Total Assets</i>	<u>\$85,040,713</u>	<u>\$10,776,748</u>	<u>\$95,817,461</u>
Liabilities			
Accounts Payable	\$706,705	\$368,485	\$1,075,190
Contracts Payable	13,300	1,203,127	1,216,427
Accrued Wages and Benefits	5,629,367	263,538	5,892,905
Intergovernmental Payable	1,304,940	35,633	1,340,573
Matured Compensated Absences Payable	109,700	0	109,700
Unearned Revenue	0	11,770	11,770
Interfund Payable	0	421,600	421,600
<i>Total Liabilities</i>	<u>7,764,012</u>	<u>2,304,153</u>	<u>10,068,165</u>
Deferred Inflows of Resources			
Property Taxes	44,373,416	2,319,501	46,692,917
Payments in Lieu of Taxes	270,364	0	270,364
Unavailable Revenue	3,713,296	163,764	3,877,060
<i>Total Deferred Inflows of Resources</i>	<u>48,357,076</u>	<u>2,483,265</u>	<u>50,840,341</u>
Fund Balances			
Nonspendable	86,094	7,680	93,774
Restricted	0	6,000,288	6,000,288
Committed	290,300	1,466	291,766
Assigned	3,094,636	0	3,094,636
Unassigned (Deficit)	25,448,595	(20,104)	25,428,491
<i>Total Fund Balances (Deficit)</i>	<u>28,919,625</u>	<u>5,989,330</u>	<u>34,908,955</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$85,040,713</u>	<u>\$10,776,748</u>	<u>\$95,817,461</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024*

Total Governmental Fund Balances	\$34,908,955
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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.	37,773,214
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	3,142,269
Intergovernmental	127,345
Tuition and Fees	607,446
Total	3,877,060

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(46,605)
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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	3,955,089
Deferred Outflows - Pension	11,552,664
Deferred Outflows - OPEB	2,463,218
Net Pension Liability	(58,685,204)
Net OPEB Liability	(4,397,211)
Deferred Inflows - Pension	(5,644,027)
Deferred Inflows - OPEB	(8,023,519)
Total	(58,778,990)

Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.	49,996
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Bonded Tax Anticipation Notes	(7,294,000)
Financed Purchase	(9,605,000)
Leases Payable	(114,164)
Compensated Absences	(4,789,497)
Special Termination Benefits	(520,000)
Deferred Outflow Asset Retirement	11,700
Asset Retirement Obligation	(90,000)
Total	(22,400,961)

<i>Net Position of Governmental Activities</i>	(\$4,617,331)
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The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	(Formerly Major) Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$50,455,928		\$2,579,801	\$53,035,729
Intergovernmental	13,152,354		7,564,903	20,717,257
Investment Earnings/Interest	1,971,501		9,833	1,981,334
Tuition and Fees	1,792,629		15,412	1,808,041
Extracurricular Activities	791		147,068	147,859
Contributions and Donations	8,937		78,158	87,095
Charges for Services	19,555		389,422	408,977
Rentals	17,950		0	17,950
Payments in Lieu of Taxes	218,592		0	218,592
Miscellaneous	697,213		30,221	727,434
<i>Total Revenues</i>	<u>68,335,450</u>		<u>10,814,818</u>	<u>79,150,268</u>
Expenditures				
Current:				
Instruction:				
Regular	23,981,974		839,379	24,821,353
Special	10,450,022		1,015,876	11,465,898
Vocational	1,792,935		0	1,792,935
Support Services:				
Pupil	7,157,951		651,868	7,809,819
Instructional Staff	1,367,358		544,933	1,912,291
Board of Education	340,750		0	340,750
Administration	4,487,068		117,052	4,604,120
Fiscal	2,350,525		0	2,350,525
Business	447,111		296,456	743,567
Operation and Maintenance of Plant	7,194,876		1,711,435	8,906,311
Pupil Transportation	2,851,708		0	2,851,708
Central	2,215,136		33,440	2,248,576
Operation of Non-Instructional Services:				
Food Service Operations	0		1,981,819	1,981,819
Other Non-Instructional Services	0		314,210	314,210
Extracurricular Activities	853,603		421,633	1,275,236
Capital Outlay	0		7,505,075	7,505,075
Debt Service:				
Principal Retirement	31,855		975,000	1,006,855
Interest	6,159		518,020	524,179
<i>Total Expenditures</i>	<u>65,529,031</u>		<u>16,926,196</u>	<u>82,455,227</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,806,419</u>		<u>(6,111,378)</u>	<u>(3,304,959)</u>
Other Financing Sources (Uses)				
Financed Purchase Issued	0		9,605,000	9,605,000
Transfers In	0		505,000	505,000
Transfers Out	(505,000)		0	(505,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(505,000)</u>		<u>10,110,000</u>	<u>9,605,000</u>
<i>Net Change in Fund Balances</i>	<u>2,301,419</u>	<u>0</u>	<u>3,998,622</u>	<u>6,300,041</u>
<i>Fund Balances Beginning of Year:</i>				
As Previously Reported	26,618,206	(335,576)	2,326,284	28,608,914
Adjustment - Change from major fund to nonmajor fund (See Note 22)	<u>0</u>	<u>335,576</u>	<u>(335,576)</u>	<u>0</u>
<i>Adjusted Fund Balances Beginning of Year</i>	<u>26,618,206</u>	<u>0</u>	<u>1,990,708</u>	<u>28,608,914</u>
<i>Fund Balances End of Year</i>	<u>\$28,919,625</u>	<u>\$0</u>	<u>\$5,989,330</u>	<u>\$34,908,955</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City 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	\$6,300,041
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*Amounts reported for governmental activities in the
statement of activities are different because:*

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

Capital Asset Additions	8,619,459	
Current Year Depreciation/Amortization	(1,627,032)	
Total		6,992,427

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

Delinquent Property Taxes	(261,360)	
Intergovernmental	(985,698)	
Tuition and Fees	(48,643)	
Total		(1,295,701)

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,006,855
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Other financing sources, such as financed purchase issued, in the governmental funds increase long-term liabilities in the statement of net position and are not reported as revenues in the statement of activities.	(9,605,000)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest	(35,511)	
Amortization of Deferred Charge on Refunding	(9,230)	
Total		(44,741)

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

Pension	5,494,065	
OPEB	173,887	
Total		5,667,952

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

Pension	(4,023,014)	
OPEB	905,201	
Total		(3,117,813)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Compensated Absences	50,628	
Special Termination Benefits	700,000	
Asset Retirement Obligation	(900)	
Total		749,728

Change in Net Position of Governmental Activities	<u><u>\$6,653,748</u></u>
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The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City 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		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$45,136,553	\$51,526,754	\$50,484,103	(\$1,042,651)
Intergovernmental	11,957,906	13,589,254	13,139,735	(449,519)
Interest	1,677,433	1,906,276	1,815,739	(90,537)
Tuition and Fees	1,612,469	1,832,449	1,745,418	(87,031)
Extracurricular Activities	731	830	791	(39)
Contributions and Donations	1,169	1,328	1,265	(63)
Charges for Services	18,065	20,530	19,555	(975)
Rentals	16,583	18,845	17,950	(895)
Payments in Lieu of Taxes	218,592	218,592	218,592	0
Miscellaneous	614,349	698,161	665,002	(33,159)
<i>Total Revenues</i>	<u>61,253,850</u>	<u>69,813,019</u>	<u>68,108,150</u>	<u>(1,704,869)</u>
Expenditures				
Current:				
Instruction:				
Regular	22,654,631	22,769,050	23,938,423	(1,169,373)
Special	11,020,619	11,023,534	10,835,711	187,823
Vocational	1,708,876	1,646,931	1,684,692	(37,761)
Support Services:				
Pupil	6,388,256	6,292,379	7,018,245	(725,866)
Instructional Staff	1,301,574	1,261,390	1,350,662	(89,272)
Board of Education	375,906	310,769	297,984	12,785
Administration	4,442,159	4,342,645	4,382,205	(39,560)
Fiscal	2,437,315	2,394,833	2,362,732	32,101
Business	546,855	524,557	420,706	103,851
Operation and Maintenance of Plant	7,160,713	7,529,025	7,483,179	45,846
Pupil Transportation	3,121,048	3,158,262	3,000,429	157,833
Central	2,348,505	2,523,765	2,482,127	41,638
Operation of Non-Instructional Services	4,639	4,490	0	4,490
Extracurricular Activities	862,308	835,760	853,900	(18,140)
<i>Total Expenditures</i>	<u>64,373,404</u>	<u>64,617,390</u>	<u>66,110,995</u>	<u>(1,493,605)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,119,554)</u>	<u>5,195,629</u>	<u>1,997,155</u>	<u>(3,198,474)</u>
Other Financing Sources (Uses)				
Advances In	1,485,506	1,485,506	1,485,506	0
Advances Out	(300,000)	(300,000)	(421,600)	(121,600)
Transfers Out	(950,000)	(950,000)	(1,088,552)	(138,552)
<i>Total Other Financing Sources (Uses)</i>	<u>235,506</u>	<u>235,506</u>	<u>(24,646)</u>	<u>(260,152)</u>
<i>Net Change in Fund Balance</i>	<u>(2,884,048)</u>	<u>5,431,135</u>	<u>1,972,509</u>	<u>(3,458,626)</u>
<i>Fund Balance Beginning of Year</i>	<u>24,026,268</u>	<u>24,026,268</u>	<u>24,026,268</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,717,752</u>	<u>1,717,752</u>	<u>1,717,752</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$22,859,972</u>	<u>\$31,175,155</u>	<u>\$27,716,529</u>	<u>(\$3,458,626)</u>

The accompanying notes are an integral part of the basic financial statements

South Euclid-Lyndhurst City 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 South Euclid-Lyndhurst City School District (School District) is a body public 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 is governed by a locally-elected five-member Board of Education (Board) and provides educational services as mandated by state and/or federal agencies. This Board controls the School District's six instructional/support facilities which are staffed by 250 classified and 306 certificated personnel who provide services to 3,163 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, boards, departments 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 services and student related activities of the School District.

Non-public Schools – Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District participates in two jointly governed organizations and one public entity insurance purchasing pool. These organizations are Connect, Ohio Schools Council and Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 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.

South Euclid-Lyndhurst City School District

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

Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 activity 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. The funds of the School District are governmental.

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

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.

South Euclid-Lyndhurst City School District

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

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. The elementary and secondary school emergency relief special revenue fund is presented on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds as a formerly major fund as it no longer meets the quantitative threshold to be a major fund. Other than the beginning fund balance, no amounts are presented in the column as this fund's 2024 activity is presented in the other governmental funds column. Information for the beginning balance is presented to reflect the movement from major to nonmajor. The adjusted balance beginning of year includes a “-“ to indicate this amount is included with the nonmajor fund.

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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences between 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 for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in

South Euclid-Lyndhurst City School District

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

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 year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, asset retirement obligations and pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systematic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12, respectively.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB plans and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities 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 11 and 12)

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.

South Euclid-Lyndhurst City School District

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

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.

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 object level within each function for the general fund and at the fund level for all other funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund, other than the general 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 that was in effect at the time the original and final appropriations were passed by the Board of Education during the fiscal year.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources by fund. 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.

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 School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

The School District utilizes a financial institution to service payments related to the completion and installation of a new heating ventilation and air conditioning system. The balance in this account is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents."

During fiscal year 2024, investments were limited to STAR Ohio, Federated Hermes government obligations fund, commercial paper, U.S. treasury notes and negotiable certificates of deposit.

South Euclid-Lyndhurst City School District

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

Except for STAR Ohio, commercial paper and the Federated Hermes government obligations, investments 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. The School District measures its investment in the Federated Hermes government obligations fund at the net asset value (NAV) per share provided by Federated Hermes Funds.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2024 amounted to \$1,971,501 which includes \$364,884 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.

Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund include money set aside for unclaimed monies. Restricted assets in the permanent improvement capital projects fund include monies held in escrow for the purchase of installing a new heating ventilation and air conditioning system.

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 at the time of purchase and reflecting the expenditure/expense in the fiscal year which services are consumed.

South Euclid-Lyndhurst City School District

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

Inventory

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Capital Assets

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

Capital assets (except for intangible right to use lease assets which are discussed below) 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 \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	15-40 years
Furniture and Equipment	5-20 years
Vehicles	8 years
Intangible Right to Use - Equipment	6 years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Leases Payable

The School District serves as a lessee in two noncancellable leases. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

South Euclid-Lyndhurst City School District

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

Interfund Balances

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in 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.

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 the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for administration, after school daycare program, athletics, workers compensation.

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.

South Euclid-Lyndhurst City School District

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

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 consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after 10 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

Accrued Liabilities and Long-Term Obligations

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

Deferred Charge on Refunding

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

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/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Restricted net position for OPEB plans represents the

South Euclid-Lyndhurst City School District

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

corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for education management information systems, entry-year programs, school-net professional development and miscellaneous grant programs.

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

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 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.

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.

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.

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

South Euclid-Lyndhurst City School District

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

Fund Balances	General	Other Governmental Funds	Total
<i>Nonspendable:</i>			
Unclaimed Monies	\$8,429	\$0	\$8,429
Prepays	61,033	3,897	64,930
Materials and Supplies Inventory	16,632	3,783	20,415
Total Nonspendable	86,094	7,680	93,774
<i>Restricted for:</i>			
Food Service	0	80,982	80,982
Scholarships	0	39,161	39,161
Leadership/Intern Programs	0	176,889	176,889
Student Activities	0	93,732	93,732
Athletics	0	243,500	243,500
Auxiliary Services	0	107,000	107,000
Technology Improvements	0	55,186	55,186
Teacher Development	0	3,717	3,717
Food Service Supply	0	102,952	102,952
School Safety	0	9,281	9,281
Capital Projects	0	4,710,234	4,710,234
Debt Service	0	377,654	377,654
Total Restricted	0	6,000,288	6,000,288
<i>Committed to:</i>			
Termination Benefits	290,300	0	290,300
Other Purposes	0	1,466	1,466
Total Committed	290,300	1,466	291,766
<i>Assigned to:</i>			
Administration	62,966	0	62,966
After School Daycare Program	336	0	336
Athletics	368,354	0	368,354
Workers Compensation	1,686,913	0	1,686,913
Purchases on Order:			
Instruction	223,876	0	223,876
Support Services	752,112	0	752,112
Extracurricular Activities	79	0	79
Total Assigned	3,094,636	0	3,094,636
<i>Unassigned (Deficit)</i>	25,448,595	(20,104)	25,428,491
<i>Total Fund Balances</i>	\$28,919,625	\$5,989,330	\$34,908,955

South Euclid-Lyndhurst City School District

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

Note 4 – Accountability and Compliance

Accountability

At June 30, 2024, the following funds have deficit balances:

Other Governmental Funds:

Title III	\$6,869
Title IV-A	13,235

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

Compliance

The general fund had expenditures plus encumbrances that exceeded appropriations plus prior year encumbrances, contrary to Ohio Revised Code Section 5705.41(B).

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 are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
3. Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
5. Budgetary revenues and expenditures of the public school support, workers compensation and termination benefits funds are classified to general fund for GAAP Reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

South Euclid-Lyndhurst City School District

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

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	\$2,301,419
Net Adjustment for Revenue Accruals	553,399
Advances In	1,485,506
Beginning Fair Value Adjustment for Investments	(15,371)
Ending Fair Value Adjustment for Investments	(143,332)
Net Adjustment for Expenditure Accruals	328,886
Perspective Difference:	
Public School Support	(7,584)
Workers Compensation	(162,798)
Termination Benefits	(368,195)
Advances Out	(421,600)
Encumbrances	(1,577,821)
Budget Basis	<u>\$1,972,509</u>

Note 6 – Deposits and Investments

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

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.

Protection of the City'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.

South Euclid-Lyndhurst City School District

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

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);
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.

South Euclid-Lyndhurst City School District

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

Investments

Investments are reported at fair value. 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
Net Asset Value (NAV) per Share:				
STAR Ohio	\$21,051,306	Average 46.5 Days	AAAm	N/A
Federated Hermes Government Obligations	3,772,433	Less Than One Year	AAAm	N/A
Total Net Asset Value per Share	<u>24,823,739</u>			
Amortized Cost:				
Commercial Paper	<u>4,138,470</u>	Less Than One Year	A-1 or A-1+	11.86%
Fair Value - Level Two Inputs:				
U.S. Treasury Notes	2,977,700	Less Than One Year	N/A	8.53%
Negotiable Certificates of Deposit	1,492,921	Less Than One Year	N/A	N/A
Negotiable Certificates of Deposit	<u>1,473,331</u>	More Than One Year	N/A	N/A
Total Fair Value - Level Two Inputs	<u>5,943,952</u>			
Total	<u><u>\$34,906,161</u></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 and federated hermes government obligations funds are measured at net asset value per share. Commercial paper is measured at amortized cost. 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)

Credit Risk All investments of the School District carry a rating of AAAm, A-1+, or A-1 by Standard and Poor's, except for the U.S. treasury notes and negotiable certificates of deposit which are unrated. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization. The School District does not have an investment policy that addresses credit risk.

Interest Rate Risk The School District has no policy that addresses interest rate risk. 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 expectation that it will be held to maturity.

South Euclid-Lyndhurst City School District

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

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

Note 7 – Property Taxes

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax 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 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Public utility real and 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 Cuyahoga County. The County Fiscal Officer 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – 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 \$4,142,778 in the general fund and \$166,521 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2023, was \$4,170,953 in the general fund and \$167,654 in the permanent improvement capital projects fund.

South Euclid-Lyndhurst City School District

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

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

	2023 Second Half Collections			2024 First Half Collections	
	Amount	Percent		Amount	Percent
Agricultural/Residential and Other Real Estate	\$900,517,590	97.39 %		\$903,043,220	97.28 %
Public Utility Personal	24,112,260	2.61		25,262,360	2.72
Total	<u>\$924,629,850</u>	<u>100.00 %</u>		<u>\$928,305,580</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$113.29			\$113.29	

Note 8 – Receivables

Receivables at June 30, 2024, consisted of taxes, payments in lieu of taxes, accrued interest, accounts (tuition, charges for services and miscellaneous) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes. All receivables, except delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the intergovernmental receivables follows:

Governmental Activities	Amount
State Foundation Adjustments	\$670,191
Title VI-B Grant	262,390
Title II-A Grant	148,741
School Employees Retirement System Refund	114,110
Title I Grant	98,943
Title IV-A Grant	74,598
Elementary and Secondary School Emergency Relief Grant	69,395
Ohio State Testing	5,040
Preschool Handicap Grant	4,880
Total Governmental Activities	<u>\$1,448,288</u>

Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships, and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

South Euclid-Lyndhurst City School District

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

Note 9 – Risk Management

Insurance

The School District is exposed to various risks of loss related to torts, thefts of, damage to, and destruction of assets, errors, and omissions, injuries to employees, and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$9,000,000 for each occurrence and \$11,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$9,000,000 for any one accident or loss.

The School District maintains replacement cost insurance on buildings and contents in the amount of \$264,823,028.

Settled claims have not exceeded coverage within the last three years. There has not been a significant reduction in coverage from the prior years.

Employee Health Benefits

The School District was a participant in the Suburban Health Consortium (the “Consortium”), a shared health risk pool, to provide employee health, dental and prescription drug benefits up until April 1, 2024. The Consortium is administered by Medical Mutual. Payments were made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The entire risk of loss transferred to the Consortium upon payment of the premiums. After April 1, 2024, the School District went to fully insured through Medical Mutual with the help of our insurance consultant, Gallager. Health, dental, and prescription drug benefits are provided through Medical Mutual. The plans remained identical before and after the move.

The School District provides vision coverage through VSP and is also subject to certain deductibles, co-pays and maximum benefits as outlined in the plan. In order for employees to be eligible to receive vision coverage they must work at least twenty hours or more for classified and at least half time for certified employees. Per the negotiated agreement, the premium is paid based on full time equivalency. If an employee is not full time, the School District pays the premium for an employee who has single coverage and the difference between the monthly family premium and the employee contribution for family coverage. This plan also moved outside of the Suburban Health Consortium after April 1, 2024, to Medical Mutual but no change otherwise in the plan.

Workers’ Compensation

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Sheakley Uniserve provides administration, cost control, and actuarial services to the GRP.

South Euclid-Lyndhurst City School District

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

Note 10 – Capital Assets

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

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024
Nondepreciable Capital Assets				
Land	\$1,527,521	\$0	\$0	\$1,527,521
Construction in Progress	1,290,787	7,646,539	(1,702,831)	7,234,495
Total Nondepreciable Capital Assets	2,818,308	7,646,539	(1,702,831)	8,762,016
Depreciable Capital Assets				
Tangible Assets				
Buildings and Improvements	51,869,120	1,747,092	0	53,616,212
Furniture and Equipment	10,305,277	798,343	0	11,103,620
Vehicles	3,386,398	130,316	0	3,516,714
Total Tangible Assets	65,560,795	2,675,751	0	68,236,546
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	170,912	0	0	170,912
Total Depreciable Capital Assets	65,731,707	2,675,751	0	68,407,458
Less Accumulated Depreciation/Amortization				
Depreciation				
Buildings and Improvements	(26,770,750)	(1,090,479)	0	(27,861,229)
Furniture and Equipment	(8,737,028)	(300,883)	0	(9,037,911)
Vehicles	(2,218,722)	(207,185)	0	(2,425,907)
Total Depreciation	(37,726,500)	(1,598,547)	0	(39,325,047)
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	(42,728)	(28,485)	0	(71,213)
Total Accumulated Depreciation/Amortization	(37,769,228)	(1,627,032)	0	(39,396,260)
Total Depreciable Capital Assets, Net	27,962,479	1,048,719	0	29,011,198
Governmental Activities Capital Assets, Net	\$30,780,787	\$8,695,258	(\$1,702,831)	\$37,773,214

South Euclid-Lyndhurst City School District

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

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

	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
Instruction:			
Regular	\$917,885	\$28,485	\$946,370
Special	481	0	481
Vocational	8,603	0	8,603
Support Services:			
Pupils	5,328	0	5,328
Instructional Staff	9,008	0	9,008
Administration	12,568	0	12,568
Fiscal	2,288	0	2,288
Business	23,010	0	23,010
Operation and Maintenance of Plant	164,906	0	164,906
Pupil Transportation	195,628	0	195,628
Central	19,458	0	19,458
Operation of Non-Instructional Services	998	0	998
Operation of Food Service	46,271	0	46,271
Extracurricular Activities	192,115	0	192,115
Total Depreciation/Amortization Expense	<u>\$1,598,547</u>	<u>\$28,485</u>	<u>\$1,627,032</u>

Note 11 – 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.

South Euclid-Lyndhurst City School District

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 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.

South Euclid-Lyndhurst City School District

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

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

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

The School District's contractually required contribution to SERS was \$1,618,799 for fiscal year 2024. Of this amount \$25,368 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.

South Euclid-Lyndhurst City School District

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

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 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that 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 fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,875,266 for fiscal year 2024. Of this amount \$535,965 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:

South Euclid-Lyndhurst City School District

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.26950540%	0.20336090%	
Prior Measurement Date	0.29442100%	0.20637047%	
Change in Proportionate Share	-0.02491560%	-0.00300957%	
Proportionate Share of the Net Pension Liability	\$14,891,562	\$43,793,642	\$58,685,204
Pension Expense	\$1,012,520	\$3,010,494	\$4,023,014

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$640,072	\$1,596,624	\$2,236,696
Changes of assumptions	105,485	3,606,644	3,712,129
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	109,774	0	109,774
School District contributions subsequent to the measurement date	1,618,799	3,875,266	5,494,065
Total Deferred Outflows of Resources	\$2,474,130	\$9,078,534	\$11,552,664
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$97,180	\$97,180
Changes of assumptions	0	2,714,766	2,714,766
Net difference between projected and actual earnings on pension plan investments	209,313	131,251	340,564
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	975,512	1,516,005	2,491,517
Total Deferred Inflows of Resources	\$1,184,825	\$4,459,202	\$5,644,027

\$5,494,065 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	(\$133,135)	(\$1,038,724)	(\$1,171,859)
2026	(920,445)	(2,016,534)	(2,936,979)
2027	712,993	4,192,044	4,905,037
2028	11,093	(392,720)	(381,627)
Total	(\$329,494)	\$744,066	\$414,572

South Euclid-Lyndhurst City School District

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

Actuarial Assumptions - SERS

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

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

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

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

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

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.

South Euclid-Lyndhurst City School District

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

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:

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$21,979,184	\$14,891,562	\$8,921,590

South Euclid-Lyndhurst City 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 are presented below:

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

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

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

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

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

South Euclid-Lyndhurst City School District

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

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	\$67,344,930	\$43,793,642	\$23,875,699

Note 12 – Defined Benefit OPEB Plans

See Note 11 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.

South Euclid-Lyndhurst City School District

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

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 \$173,887.

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 \$173,887 for fiscal year 2024. Of this amount \$173,887 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

South Euclid-Lyndhurst City School District

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

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an 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	0.26691080%	0.20336090%	
Prior Measurement Date	0.28897920%	0.20637047%	
Change in Proportionate Share	-0.02206840%	-0.00300957%	
Proportionate Share of the:			
Net OPEB Liability	\$4,397,211	\$0	\$4,397,211
Net OPEB (Asset)	\$0	(\$3,955,089)	(\$3,955,089)
OPEB Expense	(\$575,889)	(\$329,312)	(\$905,201)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$9,161	\$6,166	\$15,327
Changes of assumptions	1,486,826	582,643	2,069,469
Net difference between projected and actual earnings on OPEB plan investments	34,080	7,061	41,141
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	147,637	15,757	163,394
School District contributions subsequent to the measurement date	173,887	0	173,887
Total Deferred Outflows of Resources	\$1,851,591	\$611,627	\$2,463,218
Deferred Inflows of Resources			
Differences between expected and actual experience	\$2,267,804	\$603,247	\$2,871,051
Changes of assumptions	1,248,850	2,609,509	3,858,359
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,260,453	33,656	1,294,109
Total Deferred Inflows of Resources	\$4,777,107	\$3,246,412	\$8,023,519

South Euclid-Lyndhurst City School District

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

\$173,887 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 to the net OPEB asset in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$947,101)	(\$1,187,862)	(\$2,134,963)
2026	(820,144)	(531,341)	(1,351,485)
2027	(526,707)	(202,001)	(728,708)
2028	(319,023)	(274,118)	(593,141)
2029	(206,398)	(250,357)	(456,755)
Thereafter	(280,030)	(189,106)	(469,136)
Total	<u>(\$3,099,403)</u>	<u>(\$2,634,785)</u>	<u>(\$5,734,188)</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.

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

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

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

South Euclid-Lyndhurst City School District

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

	June 30, 2023
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-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.

South Euclid-Lyndhurst City School District

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

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 11.

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	\$5,620,891	\$4,397,211	\$3,432,286

	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	\$3,230,478	\$4,397,211	\$5,943,286

Actuarial Assumptions – STRS

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

South Euclid-Lyndhurst City School District

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

	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 11.

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.

South Euclid-Lyndhurst City 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)	(\$3,347,465)	(\$3,955,089)	(\$4,484,264)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$4,508,820)	(\$3,955,089)	(\$3,288,128)

Note 13 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees whose established contractual year is 240 days or more earn 10 to 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year earn 20 to 30 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. Employee sick leave may be accumulated to a maximum number of days, classified employees, teachers and administrators have an unlimited number of days. Upon retirement, employees receive payment for a percentage of their total sick leave accumulation, up to a maximum number of days. Classified employees receive 30 percent of their total sick leave accumulation to a maximum of 75 days, teachers receive 30 percent of their total sick leave accumulation to a maximum of 80 days, and administrators receive 30 percent of their total sick leave to a maximum of 90 days.

Early Retirement Incentive

The School District negotiated an early retirement incentive for eligible certified employees who submit an irrevocable notice of resignation for retirement from the State Teachers Retirement System on or before March 2023 to take effect on or before July 1, 2023 and who are not seeking reemployment with the School District. The incentive amount is \$60,000 per eligible employee to be made in three equal payments in January of the first, second and third consecutive year after retirement. There was a liability of \$520,000 as of June 30, 2024 for this plan.

South Euclid-Lyndhurst City School District

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

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees administered by Anthem through the Suburban Health Consortium, in the amount of \$60,000 for all certified employees, \$50,000 for classified employees, and \$135,000 for administrators. Effective April 1, 2024, the School District moved to Medical Mutual for their life insurance directly as part of the move away from the Suburban Health Consortium.

Note 14 – 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 amount for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Balance as of June 30, 2023	\$0
Current Year Set-Aside Requirement	696,688
Current Year Offsets	(2,580,934)
Qualifying Disbursements	(696,100)
Totals	(\$2,580,346)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2024	\$0

While the qualifying disbursements and offsets during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 15 – Long-Term Obligations

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

	Outstanding 6/30/23	Additions	(Reductions)	Outstanding 6/30/24	Due in One Year
Governmental Activities:					
General Obligation Debt:					
2021 Bonded Refunding					
Tax Anticipation Notes (1.6%):					
Term Notes	\$7,544,000	\$0	(\$975,000)	\$6,569,000	\$991,000
2021 Bonded School Improvement					
Tax Anticipation Notes (1.6%):					
Term Notes	725,000	0	0	725,000	0
<i>Total General Obligation Debt</i>	<u>\$8,269,000</u>	<u>\$0</u>	<u>(\$975,000)</u>	<u>\$7,294,000</u>	<u>\$991,000</u>

South Euclid-Lyndhurst City School District

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

	Principal Outstanding 6/30/23	Additions	(Reductions)	Principal Outstanding 6/30/24	Amount Due in One Year
Other Long-term Obligations:					
Net Pension Liability					
SERS	\$15,924,578	\$0	(\$1,033,016)	\$14,891,562	\$0
STRS	45,876,415	0	(2,082,773)	43,793,642	0
<i>Total Net Pension Liability</i>	61,800,993	0	(3,115,789)	58,685,204	0
Net OPEB Liability					
SERS	4,057,298	339,913	0	4,397,211	0
Financed Purchase From Direct Borrowing	0	9,605,000	0	9,605,000	144,000
Leases Payable	146,019	0	(31,855)	114,164	33,341
Compensated Absences	4,840,125	413,760	(464,388)	4,789,497	1,220,665
Special Termination Benefits	1,220,000	0	(700,000)	520,000	340,000
Asset Retirement Obligation	90,000	0	0	90,000	0
<i>Total Other Long-term Obligations</i>	72,154,435	10,358,673	(4,312,032)	78,201,076	1,738,006
Total Governmental Activities	\$80,423,435	\$10,358,673	(\$5,287,032)	\$85,495,076	\$2,729,006

All bonded tax anticipation notes will be paid from property taxes. The leases and special termination benefits will be paid out of the general fund. Financed purchases will be paid from the permanent improvement capital project fund. Compensated absences will be paid from the general fund and the food service, title VI-B and title I special revenue funds. The asset retirement obligation will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from following funds: general, food service, title VI-B and title I. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12.

On March 30, 2021, the School District issued \$9,525,000 in bonded tax anticipation notes. Of this total, \$8,800,000 was used to fully refund the 2019 tax anticipation notes. The remaining \$725,000 was for renovations and improvements to school buildings. The bonded tax anticipation notes are term notes that were issued for a ten year period with a maturity at December 1, 2030. The notes will be retired from the debt service fund.

The term notes are being repaid through annual debt service repayments through fiscal year 2031. The term notes maturing on December 1, 2030 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

South Euclid-Lyndhurst City School District

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

Fiscal Year	Issue
	\$9,525,000
2025	991,000
2026	1,007,000
2027	1,024,000
2028	1,041,000
2029	1,059,000
2030	1,077,000
Total Mandatory Sinking Fund Payments	6,199,000
Amount Due at Stated Maturity	1,095,000
Total	\$7,294,000
Stated Maturity	12/1/2030

In fiscal year 2024, the School District entered into a financed purchase agreement from direct borrowing for the installation of a new heating ventilation and air conditioning system. The agreement includes interest at a rate of 4.60 percent and will mature on December 1, 2043.

The School District's overall debt margin was \$76,300,107 with an unvoted debt margin of \$928,306 at June 30, 2024. Principal and interest requirements to retire the general obligation and financed purchase are as follows:

	Direct Placements		From	
	Bond Tax Anticipation Notes		Direct Borrowing	
	Term		Financed Purchase	
	Principal	Interest	Principal	Interest
2025	\$991,000	\$109,456	\$144,000	\$438,518
2026	1,007,000	93,372	322,000	427,800
2027	1,024,000	77,022	337,000	412,643
2028	1,041,000	60,399	353,000	396,773
2029	1,059,000	43,494	369,000	380,167
2030-2034	2,172,000	35,114	2,116,000	1,623,800
2035-2039	0	0	2,648,000	1,078,148
2040-2044	0	0	3,316,000	395,002
Total	\$7,294,000	\$418,857	\$9,605,000	\$5,152,851

The School District has outstanding agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the leases. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

South Euclid-Lyndhurst City School District

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

Year	Leases	
	Principal	Interest
2025	\$33,341	\$4,672
2026	34,899	3,115
2027	36,528	1,485
2028	9,396	108
	<u>\$114,164</u>	<u>\$9,380</u>

Note 16 – Jointly Governed Organizations

Connect

Connect is a jointly governed organization comprised of twenty-four member school districts, three educational service centers, and the Ohio Schools' Council. The jointly governed organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Connect is governed by a four member Board of Directors consisting of the Superintendent of the Educational Service Center of Northeast Ohio, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County and the Executive Director of the Ohio Schools Council. The degree of control exercised by any participating school district is limited to its representation of the Governing Board. The Board exercises total control over the operation of the organization including budgeting, appropriating, contracting and designating management. Each participating entity's contribution to Connect is dependent upon student enrollment and/or software packages and services utilized. Financial information for Connect can be obtained by contacting the Treasurer at the Educational Service Center of Northeast Ohio, which serves as fiscal agent. During fiscal year 2024, the School District contributed \$97,925 to Connect. Financial information can be obtained by contacting the Educational Service Center of Northeast Ohio at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among 302 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2024, the School District paid \$6,456 to the Council. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6373 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation has been selected as the supplier and program manager. There are currently 185 participants in the program including the Berkshire School District. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July

South Euclid-Lyndhurst City School District

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

to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 17 – Public Entity Insurance Purchasing Pool

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

Note 18 – Contingencies

Grants

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

School Foundation

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

Litigation

The School District is a party to legal proceedings seeking damages as of June 30, 2024. The School District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

South Euclid-Lyndhurst City School District

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

Note 19 – Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2024, consisted of the following:

	Interfund Receivable
Interfund Payable	General
<i>Other Governmental Funds:</i>	
Title II-A	\$150,000
Title VI-B	100,000
Title IV Part A	68,000
Title I	50,000
Elementary and Secondary School Emergency Relief	38,100
Preschool Handicap	8,500
Title III	7,000
<i>Total</i>	<u>\$421,600</u>

These loans were made to support programs and projects within various special revenue funds pending the receipt of grant money that will be used to repay the loans. These loans are expected to be repaid in one year.

Interfund Transfers

The general fund transferred \$505,000 to other governmental funds to help provide additional resources for current operations.

Note 20 – Significant Commitments

Contractual Commitments

The School District has two projects ongoing at year end for district-wide HVAC upgrades and VPM ware and server upgrades. The amounts of \$7,824,329 and \$94,561 respectively have been spent on these projects as of June 30, 2024.

\$195,000 of the remaining commitment amounts were encumbered at fiscal year-end. The amount of \$1,191,777 in contracts payable has been capitalized.

Encumbrances

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

General	\$1,577,821
Other Governmental Funds	724,621
Total	<u>\$2,302,442</u>

South Euclid-Lyndhurst City School District

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

Note 21 – Asset Retirement Obligations

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$90,000 associated with the School District's underground storage tanks was estimated by the School District. The remaining useful life of these USTs is 13 years. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 22 – Change in Accounting Principles and Change within the Financial Reporting Entity

Change in Accounting Principles

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

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

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

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

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 impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position.

South Euclid-Lyndhurst City School District

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

Change within the Financial Reporting Entity

For fiscal year 2024, the elementary and secondary school emergency relief special revenue fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

Note 23 – COVID-19

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

South Euclid-Lyndhurst City 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	0.26950540%	0.29442100%	0.28822290%	0.29864450%
School District's Proportionate Share of the Net Pension Liability	\$14,891,562	\$15,924,578	\$10,634,590	\$19,752,976
School District's Covered Payroll	\$10,707,457	\$10,945,429	\$9,928,393	\$10,541,493
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.08%	145.49%	107.11%	187.38%
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
0.30248090%	0.31397790%	0.31342150%	0.32784280%	0.32455690%	0.33065500%
\$18,097,962	\$17,982,095	\$18,726,242	\$23,995,067	\$18,519,531	\$16,734,261
\$10,375,193	\$10,239,911	\$10,266,193	\$10,235,579	\$9,797,679	\$9,266,886
174.43%	175.61%	182.41%	234.43%	189.02%	180.58%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

South Euclid-Lyndhurst City 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	0.26691080%	0.28897920%	0.27747440%	0.29238670%
School District's Proportionate Share of the Net OPEB Liability	\$4,397,211	\$4,057,298	\$5,251,430	\$6,354,520
School District's Covered Payroll	\$10,707,457	\$10,945,429	\$9,928,393	\$10,541,493
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	41.07%	37.07%	52.89%	60.28%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.30083850%	0.31375710%	0.31127180%	0.32918440%
\$7,565,456	\$8,704,469	\$8,353,717	\$9,382,973
\$10,375,193	\$10,239,911	\$10,266,193	\$10,235,579
72.92%	85.01%	81.37%	91.67%
15.57%	13.57%	12.46%	11.49%

South Euclid-Lyndhurst City 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	0.20336090%	0.20637047%	0.20663498%	0.21324834%
School District's Proportionate Share of the Net Pension Liability	\$43,793,642	\$45,876,415	\$26,420,140	\$51,598,511
School District's Covered Payroll	\$27,552,857	\$26,937,686	\$25,475,571	\$25,778,993
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.94%	170.31%	103.71%	200.16%
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
0.21534194%	0.21487031%	0.21991715%	0.23247905%	0.23351627%	0.23737313%
\$47,621,576	\$47,245,157	\$52,241,792	\$77,817,744	\$64,537,067	\$57,737,359
\$25,373,564	\$24,459,029	\$24,149,457	\$24,446,664	\$24,376,636	\$24,413,454
187.68%	193.16%	216.33%	318.32%	264.75%	236.50%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

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

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability/Asset	0.20336090%	0.20637047%	0.20663498%	0.21324834%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$3,955,089)	(\$5,343,619)	(\$4,356,730)	(\$3,747,836)
School District's Covered Payroll	\$27,552,857	\$26,937,686	\$25,475,571	\$25,778,993
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.35%	-19.84%	-17.10%	-14.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.21534194%	0.21487031%	0.21991715%	0.23247905%
(\$3,566,579)	(\$3,452,746)	\$8,580,356	\$12,433,040
\$25,373,564	\$24,459,029	\$24,149,457	\$24,446,664
-14.06%	-14.12%	35.53%	50.86%
174.70%	176.00%	47.10%	37.30%

South Euclid-Lyndhurst City 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	\$1,618,799	\$1,499,044	\$1,532,360	\$1,389,975
Contributions in Relation to the Contractually Required Contribution	<u>(1,618,799)</u>	<u>(1,499,044)</u>	<u>(1,532,360)</u>	<u>(1,389,975)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$11,562,850	\$10,707,457	\$10,945,429	\$9,928,393
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)	\$173,887	\$138,950	\$126,991	\$87,196
Contributions in Relation to the Contractually Required Contribution	<u>(173,887)</u>	<u>(138,950)</u>	<u>(126,991)</u>	<u>(87,196)</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>1.50%</u>	<u>1.30%</u>	<u>1.16%</u>	<u>0.88%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.50%</u>	<u>15.30%</u>	<u>15.16%</u>	<u>14.88%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015
\$1,475,809	\$1,400,651	\$1,382,388	\$1,437,267	\$1,432,981	\$1,291,334
(1,475,809)	(1,400,651)	(1,382,388)	(1,437,267)	(1,432,981)	(1,291,334)
\$0	\$0	\$0	\$0	\$0	\$0
\$10,541,493	\$10,375,193	\$10,239,911	\$10,266,193	\$10,235,579	\$9,797,679
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$104,988	\$192,640	\$199,505	\$138,296	\$153,490	\$207,021
(104,988)	(192,640)	(199,505)	(138,296)	(153,490)	(207,021)
\$0	\$0	\$0	\$0	\$0	\$0
1.00%	1.86%	1.95%	1.35%	1.50%	2.11%
15.00%	15.36%	15.45%	15.35%	15.50%	15.29%

South Euclid-Lyndhurst City 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	\$3,875,266	\$3,857,400	\$3,771,276	\$3,566,580
Contributions in Relation to the Contractually Required Contribution	<u>(3,875,266)</u>	<u>(3,857,400)</u>	<u>(3,771,276)</u>	<u>(3,566,580)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$27,680,471	\$27,552,857	\$26,937,686	\$25,475,571
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) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2015-2024, STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to 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
\$3,609,059	\$3,552,299	\$3,424,264	\$3,380,924	\$3,422,533	\$3,412,729
<u>(3,609,059)</u>	<u>(3,552,299)</u>	<u>(3,424,264)</u>	<u>(3,380,924)</u>	<u>(3,422,533)</u>	<u>(3,412,729)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$25,778,993	\$25,373,564	\$24,459,029	\$24,149,457	\$24,446,664	\$24,376,636
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

South Euclid Lyndhurst City School District. Ohio

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:

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

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

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

Changes in Assumptions – STRS

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

South Euclid Lyndhurst City School District. Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

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

Investment rate of return:

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

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

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

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

Changes in Benefit Term – STRS

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

South Euclid Lyndhurst City School District. Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2024

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 (Asset)

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:

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

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

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

Changes in Assumptions – STRS

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

South Euclid Lyndhurst City School District. Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2024

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.

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

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

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

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**SOUTH EUCLID - LYNDHURST CITY SCHOOL DISTRICT
CUYAHOGA 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			
Passed Through Ohio Department of Education and Workforce			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 288,533
National School Lunch Program	10.555	N/A	883,731
National School Lunch Program - Non-Cash	10.555	N/A	100,379
Total Child Nutrition Cluster			<u>1,272,643</u>
Total U.S. Department of Agriculture			<u>1,272,643</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education and Workforce			
Title I Grants to Local Educational Agencies - 2023	84.010A	N/A	148,247
Title I Grants to Local Educational Agencies - 2024	84.010A	N/A	916,435
Total Title I Grants to Local Educational Agencies			<u>1,064,682</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B) - 2023	84.027A	N/A	413,012
Special Education - Grants to States (IDEA, Part B) - 2024	84.027A	N/A	857,849
COVID-19 Special Education - Grants to States (ARP IDEA, Part B)	84.027X	N/A	162,137
Total Special Education - Grants to States (IDEA, Part B)			<u>1,432,998</u>
Special Education - Preschool Grants (IDEA Preschool) - 2024	84.173A	N/A	<u>29,524</u>
Total Special Education Cluster (IDEA)			<u>1,462,522</u>
English Language Acquisition State Grants - 2024	84.365A	N/A	6,095
Title II, Part A, Supporting Effective Instruction State Grants - 2023	84.367A	N/A	8,874
Title II, Part A, Supporting Effective Instruction State Grants - 2024	84.367A	N/A	147,441
Total Title II, Part A, Supporting Effective Instruction State Grants			<u>156,315</u>
Student Support and Academic Enrichment Program - 2023	84.424A	N/A	41,202
Student Support and Academic Enrichment Program - 2024	84.424A	N/A	104,284
Title IV, Stronger Connections Grant	84.424A	N/A	51,476
Total Student Support and Academic Enrichment Program			<u>196,962</u>
COVID-19 Elementary and Secondary Emergency Relief Fund - 2022	84.425D	N/A	119,942
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund- 2024	84.425U	N/A	2,082,666
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	N/A	3,090
Total COVID-19 Elementary and Secondary Emergency Relief Fund			<u>2,205,698</u>
Total U.S. Department of Education			<u>5,092,274</u>
Total Expenditures of Federal Awards			<u>\$ 6,364,917</u>

The accompanying notes are an integral part of this schedule.

**SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The 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 the Ohio Department of Education and Workforce's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$222,781
Special Education - Grants to States	84.027	247,619
Special Education - Preschool Grants	84.173	22,441
Title II, Part A, Supporting Effective Instruction - State Grants	84.367	69,192
Student Support and Academic Enrichment Program	84.424	11,075



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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**

South Euclid-Lyndhurst City School District
Cuyahoga County
5044 Mayfield Road
Lyndhurst, Ohio 44124

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, the major fund, and the aggregate remaining fund information of the South Euclid-Lyndhurst City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 8, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 8, 2025



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

South Euclid-Lyndhurst City School District
Cuyahoga County
5044 Mayfield Road
Lyndhurst, Ohio 44124

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal 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 District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

April 8, 2025

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**SOUTH EUCLID-LYNDBURST CITY SCHOOL DISTRICT
CUYAHOGA 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:	Special Education Cluster Education Stabilization Fund – AL #84.425
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



**SOUTH EUCLID-LYNDHURST CITY SCHOOL DISTRICT
CUYAHOGA 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 5/8/2025

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