



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SOUTHEASTERN LOCAL SCHOOL DISTRICT  
CLARK COUNTY  
JUNE 30, 2025**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Southeastern Local School District  
Clark County  
226 Clifton Road  
South Charleston, OH 45368

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Southeastern Local School District, Clark County, Ohio (the District), as of and for the fiscal year ended June 30, 2025, 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 cash basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Southeastern Local School District, as of June 30, 2025, and the respective changes in cash basis financial position thereof for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

#### **Basis for Opinions**

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

#### **Emphasis of Matter - Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

February 10, 2026

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Southeastern Local School District  
Clark County, Ohio  
Statement of Net Position - Cash Basis  
June 30, 2025

|                                       | Governmental<br>Activities |
|---------------------------------------|----------------------------|
| Assets:                               |                            |
| Equity in Pooled Cash and Investments | \$4,740,715                |
| Total Assets                          | 4,740,715                  |
| Net Cash Position:                    |                            |
| Restricted for:                       |                            |
| Capital Projects                      | 418,845                    |
| Extracurricular Activities            | 62,008                     |
| Food Service                          | 8,131                      |
| State Grants                          | 27,351                     |
| Federal Grants                        | 34,852                     |
| Other Purposes                        | 900                        |
| Unrestricted                          | 4,188,628                  |
| Total Net Cash Position               | \$4,740,715                |

See accompanying notes to the basic financial statements.

Southeastern Local School District  
Clark County, Ohio  
Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2025

|                                         |                     | Program Cash Receipts |                    | Net (Disbursements) Receipts<br>and Changes in Net Cash Position |
|-----------------------------------------|---------------------|-----------------------|--------------------|------------------------------------------------------------------|
|                                         | Cash                | Charges for           | Operating Grants   | Governmental                                                     |
|                                         | Disbursements       | Services and Sales    | and Contributions  | Activities                                                       |
| Governmental Activities:                |                     |                       |                    |                                                                  |
| Instruction:                            |                     |                       |                    |                                                                  |
| Regular                                 | \$5,067,422         | \$111,236             | \$108,942          | (\$4,847,244)                                                    |
| Special                                 | 2,507,683           | 260,638               | 890,312            | (1,356,733)                                                      |
| Vocational                              | 438,903             | 0                     | 19,851             | (419,052)                                                        |
| Other                                   | 86,327              | 0                     | 0                  | (86,327)                                                         |
| Support Services:                       |                     |                       |                    |                                                                  |
| Pupil                                   | 863,825             | 0                     | 0                  | (863,825)                                                        |
| Instructional Staff                     | 240,845             | 0                     | 10,994             | (229,851)                                                        |
| General Administration                  | 26,395              | 0                     | 0                  | (26,395)                                                         |
| School Administration                   | 1,082,654           | 0                     | 0                  | (1,082,654)                                                      |
| Fiscal                                  | 422,533             | 0                     | 0                  | (422,533)                                                        |
| Operations and Maintenance              | 1,011,163           | 0                     | 11,477             | (999,686)                                                        |
| Pupil Transportation                    | 547,959             | 0                     | 26,143             | (521,816)                                                        |
| Central                                 | 46,562              | 0                     | 0                  | (46,562)                                                         |
| Operation of Non-Instructional Services | 309,307             | 110,514               | 151,609            | (47,184)                                                         |
| Extracurricular Activities              | 503,479             | 172,760               | 0                  | (330,719)                                                        |
| Capital Outlay                          | 4,000               | 0                     | 0                  | (4,000)                                                          |
| Debt Service:                           |                     |                       |                    |                                                                  |
| Principal Retirement                    | 198,000             | 0                     | 0                  | (198,000)                                                        |
| Interest and Fiscal Charges             | 25,428              | 0                     | 0                  | (25,428)                                                         |
| Totals                                  | <u>\$13,382,485</u> | <u>\$655,148</u>      | <u>\$1,219,328</u> | <u>(11,508,009)</u>                                              |

|                                         |                    |
|-----------------------------------------|--------------------|
| General Receipts:                       |                    |
| Income Taxes                            | 1,473,530          |
| Property Taxes Levied for:              |                    |
| General Purposes                        | 3,690,124          |
| Capital Project Purposes                | 253,021            |
| Grants and Entitlements, Not Restricted | 5,657,857          |
| Unrestricted Contributions              | 15,789             |
| Investment Earnings                     | 207,953            |
| Proceeds from Sale of Capital Assets    | 7,177              |
| Other Receipts                          | 29,280             |
| Total General Receipts                  | <u>11,334,731</u>  |
| Change in Net Cash Position             | (173,278)          |
| Net Cash Position - Beginning of Year   | <u>4,913,993</u>   |
| Net Cash Position - End of Year         | <u>\$4,740,715</u> |

See accompanying notes to the basic financial statements

Southeastern Local School District  
Clark County, Ohio  
Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
June 30, 2025

|                                       | General            | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---------------------------------------|--------------------|--------------------------------|--------------------------------|
| Assets:                               |                    |                                |                                |
| Equity in Pooled Cash and Investments | \$4,215,414        | \$525,301                      | \$4,740,715                    |
| Total Assets                          | <u>4,215,414</u>   | <u>525,301</u>                 | <u>4,740,715</u>               |
| Fund Cash Balances:                   |                    |                                |                                |
| Restricted                            | 0                  | 552,087                        | 552,087                        |
| Assigned                              | 1,696,181          | 0                              | 1,696,181                      |
| Unassigned                            | <u>2,519,233</u>   | <u>(26,786)</u>                | <u>2,492,447</u>               |
| Total Fund Cash Balances              | <u>\$4,215,414</u> | <u>\$525,301</u>               | <u>\$4,740,715</u>             |

See accompanying notes to the basic financial statements.

Southeastern Local School District  
Clark County, Ohio  
Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2025

|                                                    | General     | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|----------------------------------------------------|-------------|--------------------------------|--------------------------------|
| Receipts:                                          |             |                                |                                |
| Property and Other Taxes                           | \$3,690,124 | \$253,021                      | \$3,943,145                    |
| Income Taxes                                       | 1,473,530   | 0                              | 1,473,530                      |
| Tuition and Fees                                   | 371,874     | 0                              | 371,874                        |
| Investment Earnings                                | 0           | 207,953                        | 207,953                        |
| Intergovernmental                                  | 6,194,153   | 683,032                        | 6,877,185                      |
| Extracurricular Activities                         | 4,931       | 167,829                        | 172,760                        |
| Charges for Services                               | 408         | 110,514                        | 110,922                        |
| Other Receipts                                     | 26,338      | 18,323                         | 44,661                         |
| Total Receipts                                     | 11,761,358  | 1,440,672                      | 13,202,030                     |
| Cash Disbursements:                                |             |                                |                                |
| Current:                                           |             |                                |                                |
| Instruction:                                       |             |                                |                                |
| Regular                                            | 4,945,622   | 121,800                        | 5,067,422                      |
| Special                                            | 2,143,012   | 364,671                        | 2,507,683                      |
| Vocational                                         | 438,903     | 0                              | 438,903                        |
| Other                                              | 86,327      | 0                              | 86,327                         |
| Support Services:                                  |             |                                |                                |
| Pupil                                              | 862,562     | 1,263                          | 863,825                        |
| Instructional Staff                                | 240,845     | 0                              | 240,845                        |
| General Administration                             | 26,395      | 0                              | 26,395                         |
| School Administration                              | 1,082,654   | 0                              | 1,082,654                      |
| Fiscal                                             | 417,556     | 4,977                          | 422,533                        |
| Operations and Maintenance                         | 865,719     | 145,444                        | 1,011,163                      |
| Pupil Transportation                               | 544,157     | 3,802                          | 547,959                        |
| Central                                            | 46,444      | 118                            | 46,562                         |
| Operation of Non-Instructional Services            | 28,048      | 281,259                        | 309,307                        |
| Extracurricular Activities                         | 327,217     | 176,262                        | 503,479                        |
| Capital Outlay                                     | 4,000       | 0                              | 4,000                          |
| Debt Service:                                      |             |                                |                                |
| Principal Retirement                               | 0           | 198,000                        | 198,000                        |
| Interest and Fiscal Charges                        | 0           | 25,428                         | 25,428                         |
| Total Cash Disbursements                           | 12,059,461  | 1,323,024                      | 13,382,485                     |
| Excess of Receipts Over (Under) Cash Disbursements | (298,103)   | 117,648                        | (180,455)                      |
| Other Financing Sources (Uses):                    |             |                                |                                |
| Proceeds from Sale of Capital Assets               | 7,177       | 0                              | 7,177                          |
| Advances In                                        | 217,030     | 187,292                        | 404,322                        |
| Advances (Out)                                     | (187,292)   | (217,030)                      | (404,322)                      |
| Total Other Financing Sources (Uses)               | 36,915      | (29,738)                       | 7,177                          |
| Net Change in Fund Cash Balance                    | (261,188)   | 87,910                         | (173,278)                      |
| Fund Cash Balance - Beginning of Year              | 4,476,602   | 437,391                        | 4,913,993                      |
| Fund Cash Balance - End of Year                    | \$4,215,414 | \$525,301                      | \$4,740,715                    |

See accompanying notes to the basic financial statements.

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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

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**Description of the District**

Southeastern Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal guidelines. This Board of Education controls the District's 3 instructional/support facilities staffed by approximately 45 non-certified, 60 certificated full-time teaching personnel and 5 administrative employees who provide services to approximately 749 students and other community members.

**Reporting Entity**

A reporting entity is comprised 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 District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Southeastern Local School District, this includes general operations, food service and student related activities of the District.

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

The District participates in five jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Notes 11 and 12 to the basic financial statements. These organizations are:

**Jointly Governed Organizations:**

- Clark County Family and Children First Council (the "Council")
- Springfield-Clark Career Technology Center (CTC)
- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Council (SOEPC)
- Montgomery County Educational Service Center (MCESC)

**Insurance Purchasing Pool:**

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP)

**Note 2 - Summary of Significant Accounting Policies**

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These financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all the relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

**Southeastern Local School District  
Clark County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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**Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**Governmental Funds**

Governmental funds focus 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. The following is the District's major governmental fund:

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

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net cash position and changes in net cash position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds account for monies held on behalf of others that do not meet the definition of a trust fund. The District has no trust and no custodial funds.

**Basis of Presentation**

**Government-wide Financial Statements**

The statement of net position - cash basis and the statement of activities - cash basis displays information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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**Fund Financial Statements**

The fund financial statements report more detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

**Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the fiscal year with the legal restriction that assignment by fund cannot exceed estimated resources, as certified.

All funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds other than the general fund which is at the fund/function level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed cash disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

**Estimated Resources**

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected receipts of each fund. Prior to June 30, the District must revise its budget so that total contemplated cash disbursements from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipts are identified by the District Treasurer.

**Appropriations**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary cash disbursements of the District. The total of cash disbursements and encumbrances may not exceed the appropriation totals at the legal level of control.

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, multiple supplemental appropriations were legally enacted; however, these amendments were not significant. Formal budgetary integration is employed as a management control device by the Board of Education during the year for all funds at the fund level other than the general fund which is at the fund/function level, consistent with statutory provisions.

**Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for the cash disbursement of monies are recorded as the equivalent of cash disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances outstanding at fiscal year-end are reported as an assignment of fund balance for subsequent-year cash disbursements for general fund and as restricted fund balances for all other governmental funds.

**Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

**Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the statement of net position – cash basis and governmental fund statement of assets and fund balances – cash basis.

During 2025, the District invested in negotiable certificates of deposit (negotiable CDs), commercial paper, federal farm credit bank, U.S. treasury notes, and money market funds. Investments are reported at cost, except for the money market funds. The District's money market fund investments are recorded at amount reported by the financial institution at June 30, 2025.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to other governmental funds (the permanent improvement fund) during fiscal year 2025 amounted to \$207,953.

**Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**Southeastern Local School District  
Clark County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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**Accumulated Leave**

For fiscal year 2025, GASB Statement No. 101, Compensated Absences, was effective. GASB 101 defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule.

District employees earn sick and vacation time that can be used for time off.

This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the District's cash basis of accounting.

**Employer Contributions to Cost-Sharing Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and may include portions for postretirement health care benefits.

**Long-Term Obligations**

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA, or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported when paid.

**Leases and Subscription-Based Information Technology Arrangements (SBITA)**

The District is the lessor/lessee (as defined by GASB 87) in various leases related to buildings, vehicles and other equipment under noncancelable leases. Lease receivables/payables are not reflected under the District's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

The District has entered into noncancelable SBITA contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, scheduling, grading systems and various other software. Subscription liabilities are not reflected under the District's cash basis of accounting. Subscription disbursements are recognized when they are paid.

**Net Cash Position**

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash position are available.

**Fund Cash Balance**

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

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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**Nonspendable**

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted**

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

**Committed**

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

**Assigned**

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted 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 District’s Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education or a District official delegated by that authority by resolution or by State Statute. State statute authorizes the District’s Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

**Unassigned**

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

The District applies restricted resources first when cash disbursements 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 cash disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements.

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**Pension/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, 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.

**Note 3 - Fund Cash Balances**

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

| <u>Fund Cash Balances</u>    | <u>General</u>     | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total</u>       |
|------------------------------|--------------------|-----------------------------------------|--------------------|
| Restricted for:              |                    |                                         |                    |
| Teacher's Lounge             | \$0                | \$900                                   | \$900              |
| District Managed Activity    | 0                  | 13,131                                  | 13,131             |
| Data Communications          | 0                  | 9,266                                   | 9,266              |
| Miscellaneous State Grants   | 0                  | 15,785                                  | 15,785             |
| Title II-A                   | 0                  | 19,364                                  | 19,364             |
| Food Service                 | 0                  | 8,131                                   | 8,131              |
| Ohio Read Grants             | 0                  | 2,300                                   | 2,300              |
| Miscellaneous Federal Grants | 0                  | 19                                      | 19                 |
| Student Activity             | 0                  | 48,877                                  | 48,877             |
| Title VI Part B              | 0                  | 2,225                                   | 2,225              |
| ESSER                        | 0                  | 11,734                                  | 11,734             |
| Coronavirus Relief           | 0                  | 1,510                                   | 1,510              |
| Permanent Improvement        | 0                  | 418,845                                 | 418,845            |
| Total Restricted             | 0                  | 552,087                                 | 552,087            |
| Assigned to:                 |                    |                                         |                    |
| Budgetary Resource           | 1,555,227          | 0                                       | 1,555,227          |
| Public School                | 908                | 0                                       | 908                |
| Purchases on Order           | 140,046            | 0                                       | 140,046            |
| Total Assigned               | 1,696,181          | 0                                       | 1,696,181          |
| Unassigned                   | 2,519,233          | (26,786)                                | 2,492,447          |
| Total Fund Cash Balance      | <u>\$4,215,414</u> | <u>\$525,301</u>                        | <u>\$4,740,715</u> |

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**Note 4 – Deposits and Investments**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political 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;

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7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed 180 days) and commercial paper notes (for a period not to exceed 270 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.

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

At fiscal year-end, the carrying value of the District's cash deposits was \$1,258,221 and the bank balance was \$1,291,693.

### **Investments**

The District's investments at June 30, 2025 are as summarized as follows:

| <u>Investment</u>                   | <u>Value</u>       | <u>Fair Value Hierarchy</u> | <u>Weighted Average Maturity (Years)</u> |
|-------------------------------------|--------------------|-----------------------------|------------------------------------------|
| Negotiable CDs                      | \$2,072,574        | Level 2                     | 2.68                                     |
| Commercial Paper                    | 686,891            | Level 2                     | 0.23                                     |
| Federal Farm Credit Bank            | 99,989             | Level 2                     | 1.74                                     |
| U.S. Treasury Notes                 | 392,510            | Level 2                     | 4.34                                     |
| Money Market Funds                  | 230,530            | N/A                         | 0.00                                     |
| Total Investments                   | <u>\$3,482,494</u> |                             |                                          |
| Portfolio Weighted Average Maturity |                    |                             | 2.18                                     |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair value the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2025.

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**Credit Risk**

It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. Investments in Federal Farm Credit Bank and U.S. Treasury Notes were rated Aa1 by Moody's and AA+ by Standard & Poor's. Investments in Commercial Paper were rated P-1 by Moody's and A-1 or A-1+ by Standard & Poor's. Investments in Negotiable CD's and money market funds were not rated. Negotiable CD's were fully insured by FDIC.

**Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a failure of a counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment securities are registered in the name of the District except for its investments in US Money Market Funds, which are not evidenced by securities that exist in physical or book entry form.

**Concentration of Credit Risk**

The District's policy places no limit on the amount it may invest in any one issuer. The District has invested 6.6% in Money Market Funds, 59.5% in Negotiable CD's, 19.7% in Commercial Paper, 2.9% in Federal Farm Credit Bank and 11.3% in U.S. Treasury Notes.

**Interest Rate Risk**

In accordance with the investment policy, the District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

**Note 5 – Taxes**

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**Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 became a lien December 31, 2023, were levied after April 1, 2024 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The assessed values upon which the fiscal year 2025 taxes were collected are:

|                                                   |                      |                |
|---------------------------------------------------|----------------------|----------------|
| Agricultural/Residential<br>and Other Real Estate | \$151,649,960        | 89.66%         |
| Public Utility Personal                           | <u>17,489,770</u>    | <u>10.34%</u>  |
| Total                                             | <u>\$169,139,730</u> | <u>100.00%</u> |

**Income Taxes**

The District levies a voted tax of one percent for general operations on the income of residents and on estates. The tax was effective on January 1, 1990, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts earned during fiscal year 2025 was \$1,473,530.

**Note 6 - Risk Management**

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**Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2025, the District contracted with World Risk Management for property and fleet, general liability, crime, and inland marine insurance.

Insurance coverage provided is as follows:

|                                                               |                   |
|---------------------------------------------------------------|-------------------|
| Building and Contents – replacement cost (\$5,000 deductible) | \$350,000,000     |
| Boiler and Machinery (\$10,000 deductible)                    | 350,000,000       |
| Automobile Liability (\$0 deductible)                         | 1,000,000         |
| Automobile Physical Damage (\$1,000 deductible)               | Actual cash value |
| Professional Liability (\$25,000 deductible)                  |                   |
| Single Occurrence                                             | 1,000,000         |
| Aggregate                                                     | 1,000,000         |
| General Liability (no deductible)                             |                   |
| Per Occurrence                                                | 1,000,000         |
| Crime (\$5,000 deductible)                                    | 1,000,000         |
| Pollution Legal Liability (\$50,000 deductible)               | 1,000,000         |
| Excess Liability                                              | 4,000,000         |
| Cyber Liability                                               | 1,000,000         |

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Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

**Workers' Compensation**

For fiscal year 2025, the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (see Note 12). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

**Note 7 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and 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 net pension/OPEB liability (asset) represent the 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

**School Employees Retirement System (SERS)**

**Plan Description**

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

Age and service requirements for retirement are as follows:

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2024.

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$204,110 for fiscal year 2025.

**State Teachers Retirement System (STRS)**

**Plan Description**

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

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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, an 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 permanent 1 percent COLA 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

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

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

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

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

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**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 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$766,512 for fiscal year 2025.

**Net Pension Liability**

The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

|                                                  | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u> |
|--------------------------------------------------|--------------------|--------------------|--------------|
| Proportion of the Net Pension Liability:         |                    |                    |              |
| Current Measurement Date                         | 0.03506330%        | 0.03678526%        |              |
| Prior Measurement Date                           | <u>0.03360790%</u> | <u>0.03611432%</u> |              |
| Change in Proportionate Share                    | <u>0.00145540%</u> | <u>0.00067094%</u> |              |
| Proportionate Share of the Net Pension Liability | \$1,793,697        | \$7,078,078        | \$8,871,775  |

**Actuarial Assumptions - SERS**

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

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

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

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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, 2024 and June 30, 2023, are presented below:

|                                              | June 30, 2024                                                                                                     | June 30, 2023                                                                                                      |
|----------------------------------------------|-------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Inflation                                    | 2.40%                                                                                                             | 2.40%                                                                                                              |
| Future Salary Increases, including inflation | 3.25% to 13.58%                                                                                                   | 3.25% to 13.58%                                                                                                    |
| COLA or Ad Hoc COLA                          | 2.0%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement | 2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |
| Investment Rate of Return                    | 7.00% net of system expenses                                                                                      | 7.00% net of system expenses                                                                                       |
| Actuarial Cost Method                        | Entry Age Normal<br>(Level Percent of Payroll)                                                                    | Entry Age Normal<br>(Level Percent of Payroll)                                                                     |

Mortality rates 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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, 2024:

| Asset Class                 | Target Allocation | Long-Term Expected Real Rate of Return (geometric) |
|-----------------------------|-------------------|----------------------------------------------------|
| Cash                        | 3.00 %            | 0.97 %                                             |
| US Equity                   | 22.00             | 4.68                                               |
| Non-US Equity Developed     | 12.00             | 4.96                                               |
| Non-US Equity Emerging      | 6.00              | 5.66                                               |
| Fixed Income/Global Bonds   | 18.00             | 2.38                                               |
| Private Equity              | 14.00             | 7.10                                               |
| Real Estate                 | 13.00             | 3.64                                               |
| Infrastructure              | 7.00              | 4.80                                               |
| Private Debt/Private Credit | 5.00              | 5.86                                               |
| Total                       | <u>100.00 %</u>   |                                                    |

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**Discount Rate**

The total pension liability for 2024 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 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 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 2024 was 9.31 percent.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what 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<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|----------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| District's proportionate share<br>of the net pension liability | \$2,744,108            | \$1,793,697                         | \$993,502              |

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2024 and June 30, 2023, actuarial valuation are presented below:

|                                   | June 30, 2024                                                    | June 30, 2023                                            |
|-----------------------------------|------------------------------------------------------------------|----------------------------------------------------------|
| Inflation                         | 2.50%                                                            | 2.50%                                                    |
| Salary increases                  | From 2.50% to 8.50%<br>based on service                          | From 2.50% to 8.50%<br>based on service                  |
| Investment Rate of Return         | 7.00 percent, net of investment<br>expenses, including inflation | 7.00% net of investments<br>expense, including inflation |
| Discount Rate of Return           | 7.00 percent                                                     | 7.00%                                                    |
| Payroll Increases                 | 3.00 percent                                                     | 3.00%                                                    |
| Cost-of-Living Adjustments (COLA) | 0.0%, effective July 1, 2017                                     | 0.0%, 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 Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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Actuarial assumptions used in the June 30, 2024, 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%                     | 6.90%                                       |
| International Equity | 22.00                      | 7.70                                        |
| Alternatives         | 19.00                      | 9.10                                        |
| Fixed Income         | 22.00                      | 4.50                                        |
| Real Estate          | 10.00                      | 5.10                                        |
| Liquidity Reserves   | <u>1.00</u>                | <u>2.40</u>                                 |
| 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 2.4 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

### **Discount Rate**

The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2024. 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, 2024. 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, 2024.

### **Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

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

|                                                                | <u>1% Decrease<br/>(6.00%)</u> | <u>Current<br/>Discount Rate<br/>(7.00%)</u> | <u>1% Increase<br/>(8.00%)</u> |
|----------------------------------------------------------------|--------------------------------|----------------------------------------------|--------------------------------|
| District's proportionate share<br>of the net pension liability | \$11,418,181                   | \$7,078,078                                  | \$3,407,097                    |

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**Assumption and Benefit Changes Since the Prior Measurement Period**

The discount rate remained at 7% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were change based on the actuarial experience for the period July 1, 2015 through June 30, 2021.

**Note 8 - Defined Benefit OPEB Plans**

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See Note 7 for a description of the net OPEB liability (asset).

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

**Health Care Plan Description**

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

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

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

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the

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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 2025, 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 2025, 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 2025, the District's surcharge obligation was \$25,675.

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 District's contractually required contribution to SERS was \$25,675 for fiscal year 2025.

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

**Plan Description**

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

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

**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, 2025, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability (Asset)**

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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|                                             | SERS        | STRS        | Total       |
|---------------------------------------------|-------------|-------------|-------------|
| Proportion of the Net OPEB Liability/Asset: |             |             |             |
| Current Measurement Date                    | 0.03571640% | 0.03678526% |             |
| Prior Measurement Date                      | 0.03465370% | 0.03611432% |             |
| Change in Proportionate Share               | 0.00106270% | 0.00067094% |             |
| Proportionate Share of the:                 |             |             |             |
| Net OPEB Liability                          | \$363,770   | \$0         | \$363,770   |
| Net OPEB (Asset)                            | \$0         | (\$697,746) | (\$697,746) |

**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.

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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023, are presented below:

|                                                    | June 30, 2024                                  | June 30, 2023                                  |
|----------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Inflation                                          | 2.40%                                          | 2.40%                                          |
| Future Salary Increases, including inflation       | 3.25% to 13.58%                                | 3.25% to 13.58%                                |
| Investment Rate of Return                          | 7.00% net of investment expense                | 7.00% net of investment expense                |
| Actuarial Cost Method                              | Entry Age Normal<br>(Level Percent of Payroll) | Entry Age Normal<br>(Level Percent of Payroll) |
| Fiduciary Net Position is Projected to be Depleted | 2059                                           | 2048                                           |
| Municipal Bond Index Rate:                         |                                                |                                                |
| Measurement Date                                   | 3.93%                                          | 3.86%                                          |
| Prior Measurement Date                             | 3.86%                                          | 3.69%                                          |
| Single Equivalent Interest Rate,                   |                                                |                                                |
| Measurement Date                                   | 4.88%                                          | 4.27%                                          |
| Prior Measurement Date                             | 4.27%                                          | 4.08%                                          |
| Health Care Cost Trend Rate:                       |                                                |                                                |
| Medical Trend Assumption                           |                                                |                                                |
| Measurement Date                                   | 7.00% to 4.40%                                 | 6.75% to 4.40%                                 |
| Prior Measurement Date                             | 6.75% to 4.40%                                 | 7.00% to 4.40%                                 |

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

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percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a 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, 2024:

| Asset Class                 | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return<br>(geometric) |
|-----------------------------|----------------------|----------------------------------------------------------|
| Cash                        | 3.00 %               | 0.97 %                                                   |
| US Equity                   | 22.00                | 4.68                                                     |
| Non-US Equity Developed     | 12.00                | 4.96                                                     |
| Non-US Equity Emerging      | 6.00                 | 5.66                                                     |
| Fixed Income/Global Bonds   | 18.00                | 2.38                                                     |
| Private Equity              | 14.00                | 7.10                                                     |
| Real Estate                 | 13.00                | 3.64                                                     |
| Infrastructure              | 7.00                 | 4.80                                                     |
| Private Debt/Private Credit | 5.00                 | 5.86                                                     |
| Total                       | 100.00 %             |                                                          |

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 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 2059 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, 2023, and the June 30, 2024, 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 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the District's proportionate share of the net OPEB liability of SERS, what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

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|                                                             | 1% Decrease<br>(3.88%)                        | Current<br>Discount Rate<br>(4.88%)                     | 1% Increase<br>(5.88%)                        |
|-------------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------|-----------------------------------------------|
| District's proportionate share<br>of the net OPEB liability | \$485,074                                     | \$363,770                                               | \$267,377                                     |
|                                                             | 1% Decrease<br>(6.00% decreasing<br>to 3.40%) | Current<br>Trend Rate<br>(7.00% decreasing<br>to 4.40%) | 1% Increase<br>(8.00% decreasing<br>to 5.40%) |
| District's proportionate share<br>of the net OPEB liability | \$245,895                                     | \$363,770                                               | \$518,707                                     |

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

|                            | June 30, 2024                                             | June 30, 2023                                             |
|----------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| Projected salary increases | Varies by service from<br>2.50% to 8.50%                  | Varies by service from<br>2.50% to 8.50%                  |
| Investment Rate of Return  | 7.00%, net of investment<br>expenses, including inflation | 7.00%, net of investment<br>expenses, including inflation |
| Payroll Increases          | 3.00%                                                     | 3.00%                                                     |
| Discount Rate of Return    | 7.00%                                                     | 7.00%                                                     |
| Health Care Cost Trends    |                                                           |                                                           |
| Medical                    |                                                           |                                                           |
| Pre-Medicare               | 7.50% initial<br>3.94% ultimate                           | 7.50% initial<br>4.14% ultimate                           |
| Medicare                   | (112.22%) initial<br>3.94% ultimate                       | (10.94%) initial<br>4.14% ultimate                        |
| Prescription Drug          |                                                           |                                                           |
| Pre-Medicare               | 8.00% initial<br>3.94% ultimate                           | (11.95%) initial<br>4.14% ultimate                        |
| Medicare                   | (15.14%) initial<br>3.94% ultimate                        | 1.33% initial<br>4.14% 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

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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, 2024, 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.

**Benefit Term Changes Since the Prior Measurement Date**

Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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<br/>Allocation *</u> | <u>Long-Term Expected<br/>Rate of Return **</u> |
|----------------------|--------------------------------|-------------------------------------------------|
| Domestic Equity      | 26.00%                         | 6.90%                                           |
| International Equity | 22.00                          | 7.70                                            |
| Alternatives         | 19.00                          | 9.10                                            |
| Fixed Income         | 22.00                          | 4.50                                            |
| Real Estate          | 10.00                          | 5.10                                            |
| Liquidity Reserves   | 1.00                           | 2.40                                            |
| 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 2.4 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 actual rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. 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, 2024. 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, 2024.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the District's proportionate share of the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of 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 District's proportionate share of the net OPEB asset as if it were calculated

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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<br>(6.00%) | Current<br>Discount Rate<br>(7.00%) | 1% Increase<br>(8.00%) |
|---------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| District's proportionate<br>share of the net OPEB asset | (\$567,314)            | (\$697,746)                         | (\$811,251)            |

|                                                         | 1% Decrease | Current<br>Trend Rate | 1% Increase |
|---------------------------------------------------------|-------------|-----------------------|-------------|
| District's proportionate<br>share of the net OPEB asset | (\$818,918) | (\$697,746)           | (\$552,021) |

**Note 9 – Debt**

**Long-Term Obligations**

Changes in long-term obligations of the District during fiscal year 2025 were as follows:

| Long-Term Debt                           | Beginning<br>Balance | Increases  | Decreases          | Ending<br>Balance | Due In<br>One Year |
|------------------------------------------|----------------------|------------|--------------------|-------------------|--------------------|
| 2010 Qualified School Construction Bonds | \$127,000            | \$0        | (\$63,000)         | \$64,000          | \$64,000           |
| 2019 Lease-Purchase                      | 705,000              | 0          | (135,000)          | 570,000           | 135,000            |
| Total                                    | <u>\$832,000</u>     | <u>\$0</u> | <u>(\$198,000)</u> | <u>\$634,000</u>  | <u>\$199,000</u>   |

**Qualified School Construction Bonds Payable**

On May 28, 2010, the District issued \$918,000 in Qualified School Construction Bonds for the purpose of financing construction of school facilities. The bonds were issued for a sixteen year period with final maturity occurring on December 1, 2025. These bonds will be retired from the permanent improvement fund. With the approval of the Ohio School Facilities Commission, the District is participating in the 2009 Qualified School Construction Bond Program. Through this Program, the District issues taxable bonds at a higher rate than non-taxable bonds could have been issued at. The District then receives a reimbursement through the program to offset the interest rate difference. The District makes debt service payments at a rate of 7.0 percent on the bonds and receives subsequent interest subsidy payments through the Program which results in an effective interest rate of 1.59 percent on the qualifying bonds for the District.

**Lease-Purchase Obligation**

The District's outstanding bonds from direct borrowings and direct placements related to governmental activities of \$1,270,000 contain a provision that in an event of default, outstanding amounts become immediately due if the District is unable to make payment.

On April 18, 2019, the District issued \$1,270,000 for the purpose of project site (land) and for the construction, enlarging and otherwise improving, furnishing and equipping, and lease and eventual acquisition of the project facilities on the Project Site. The final maturity date for the issuance is December 1, 2028, and it will be retired from the permanent improvement fund. The interest rate for this issuance is 2.94 percent. The first principal payment was made on December 1, 2019.

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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Principal and interest requirements to retire the District's outstanding long-term debt obligations at June 30, 2025, were:

| Fiscal Year<br>Ending June 30 | General Obligation Bonds |                |                 | Lease-Purchase Obligation |                 |                  |
|-------------------------------|--------------------------|----------------|-----------------|---------------------------|-----------------|------------------|
|                               | Principal                | Interest       | Total           | Principal                 | Interest        | Total            |
| 2026                          | \$64,000                 | \$2,240        | \$66,240        | \$135,000                 | \$14,774        | \$149,774        |
| 2027                          | 0                        | 0              | 0               | 140,000                   | 10,731          | 150,731          |
| 2028                          | 0                        | 0              | 0               | 145,000                   | 6,541           | 151,541          |
| 2029                          | 0                        | 0              | 0               | 150,000                   | 2,205           | 152,205          |
| Total                         | <u>\$64,000</u>          | <u>\$2,240</u> | <u>\$66,240</u> | <u>\$570,000</u>          | <u>\$34,251</u> | <u>\$604,251</u> |

**Note 10 - Interfund Balances and Transfers**

---

**Transfers**

During the fiscal year 2025, there were no transfers made.

**Interfund Balances**

During the fiscal year 2025, following advances were made:

|                          | Advances         |                    |
|--------------------------|------------------|--------------------|
|                          | In               | Out                |
| General Fund             | \$217,030        | (\$187,292)        |
| Other Governmental Funds | 187,292          | (217,030)          |
| Total All Funds          | <u>\$404,322</u> | <u>(\$404,322)</u> |

The advances are expected to be repaid within one year.

**Note 11 – Jointly Governed Organizations**

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**Clark County Family and Children First Council**

The Clark County Family and Children First Council (the "Council") is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of representatives of each of the members of the Council, and representatives of those additional entities required to be represented on the Council pursuant to Section 121.37 of the Ohio Revised Code. The Districts in Clark County must appoint a superintendent of one of the schools to represent them on the seventeen member Board. Currently, the superintendent of the Clark County Educational Service Center serves as this representative. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council.

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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The Southeastern Local School District does not pay any dues. Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. The District made no financial contributions to the Council during fiscal year 2025. To obtain financial information, write to the Clark County Family and Children First Council, Leslie Crew, who serves as Executive Director, at 1345 Loganda Avenue, Springfield, Ohio 45503.

**Springfield-Clark Career Technology Center**

The Springfield-Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating Districts' and educational service center's elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Clark-Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. The District made financial contributions of \$0 to the CTC during the fiscal year. To obtain financial information, write to the CTC, Julie Wallace, who serves as Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

**Miami Valley Educational Computer Association**

The District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public Districts within the boundaries of Clark, Clinton, Greene, Highland, Fayette, and Madison Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. The governing board of MVECA consists of seven members elected by majority vote of all charter member Districts. The District paid MVECA \$155,049 for services and technology provided during the year. Financial information can be obtained Thor Sage, Executive Director of MVECA at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387-1415.

**Southwestern Ohio Educational Purchasing Council**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 150 Districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. During the fiscal year, the District made payments of \$49,750 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Dr., Suite 208, Vandalia, OH 45377.

**Montgomery County Educational Service Center**

The Montgomery County Educational Service Center (MCESC) supports a system for strong collaborative linkages of the major stakeholders: districts, educational providers, students, parents, and the public at

**Southeastern Local School District  
Clark County, Ohio  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2025**

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large. Through these combined efforts, the Center works actively to support the schools' continuous improvement processes by offering a broad range of quality services and programs. These cooperative efforts are designed to strengthen the capacity of the districts to achieve quality and cost-effective programs. The District made payments of \$40,339 to MCESC during the fiscal year. Financial information can be obtained from the Treasurer, Christopher Fox, at 200 South Keowee Street, Dayton, Ohio 45402.

**Note 12 – Insurance Purchasing Pool**

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**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan**

The District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member Districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 13 – Contingencies**

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**Grants**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Litigation**

The District is not currently a party to any legal proceedings.

**School Foundation**

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, DEW has finalized the impact of enrollment adjustments to the June 30, 2025 foundation for the District and they were not significant.

**Note 14 – Set-Aside Calculations**

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

**Southeastern Local School District**  
**Clark County, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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

|                                               | Capital<br>Improvements |
|-----------------------------------------------|-------------------------|
| Set Aside Reserve Balance as of June 30, 2024 | \$0                     |
| Current Year Set Aside Requirements           | 166,141                 |
| Qualified Disbursements                       | (114,986)               |
| Current Year Offsets                          | (51,155)                |
| Total                                         | <u>\$0</u>              |
| Carried Forward as of June 30, 2025           | <u>\$0</u>              |
| Set-Aside Balance as of June 30, 2025         | <u>\$0</u>              |

#### **Note 15 – Compliance**

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##### **Annual Financial Report**

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, deferred outflows/inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

#### **Note 16 – Related Party Disclosures**

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The District has evaluated its financial transactions, arrangements, and relationships in accordance with the requirements of the U.S. Department of Education (34 CFR §668.23(d)(1)) and Auditor of State Technical Bulletin 2025-001, which extend beyond the disclosure requirements of GASB Codification Section 2250, *Related Party Transactions*.

Management has determined that, for the fiscal year ended June 30, 2025, the District had no related party relationships, related entities, related party transactions, or related party outstanding balances that are required to be disclosed. Accordingly, no related party disclosures are presented in these financial statements.

**Note 17 – Implementation of New Accounting Principles**

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**New Accounting Principles**

For fiscal year 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, GASB Statement No. 102, Certain Risk Disclosures, and GASB Implementation Guide No. 2025-1.

GASB Statement No. 102 addresses the variety of risks that state and local governments face that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the District.

GASB Implementation Guide No. 2025-1 includes providing clarity on a range of accounting issues for state and local governments. These topics under GASB Implementation Guide No. 2025-1 provisions were implemented and did not have an effect on the financial statements of the District.

GASB Statement No. 101 sets out to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of GASB Statement No. 101 did not have an effect on the financial statements of the District.

# OHIO AUDITOR OF STATE KEITH FABER

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

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

Southeastern Local School District  
Clark County  
226 Clifton Road  
South Charleston, OH 45368

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Southeastern Local School District, Clark County, Ohio (the District) as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 10, 2026, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***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.

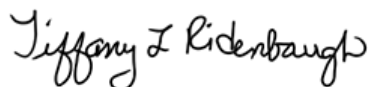
***Report on Compliance and Other Matters***

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

***Purpose of This Report***

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

KEITH FABER  
Ohio Auditor of State



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

February 10, 2026

**SOUTHEASTERN LOCAL SCHOOL DISTRICT  
CLARK COUNTY**

**SCHEDULE OF FINDINGS  
JUNE 30, 2025**

|                                                                                                             |
|-------------------------------------------------------------------------------------------------------------|
| <b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|-------------------------------------------------------------------------------------------------------------|

**FINDING NUMBER 2025-001**

**Noncompliance**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code §117-2-03(B)** requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:**

We did not receive a response from Officials to this finding.

|                                         |
|-----------------------------------------|
| <b>2. OTHER – FINDINGS FOR RECOVERY</b> |
|-----------------------------------------|

**FINDING NUMBER 2025-002**

**Noncompliance – Finding for Recovery Repaid Under Audit**

**Ohio Rev. Code § 117.24** requires the Auditor of State to determine whether “public money has been illegally expended, any public money collected has not been accounted for, any public money due has not been collected, or any public property has been converted or misappropriated. . . .” Those determinations in an audit report constitute “findings for recovery.” Ohio Rev. Code § 9.24(H)(3).

The terms of the master agreement between the Southeastern Local Education Support Professionals and the Southeastern Local Board of Education section 10.05 and 10.053 states, in part, for employees hired prior to July 1, 2020, upon retirement from the District, in accordance with rules of the School Employees Retirement System, (SERS), an employee is eligible to receive payment for the following terms; For employees hired on or after July 1, 2020, employees with ten (10) or more years of service with the District will also be eligible for service based upon the following terms; Accrual After Fifteen (15) Years of Service in District - Each employee who has accrued more than one hundred and eighty (180) days of unused sick leave and has been employed by the District for fifteen (15) years or more shall be paid thirty four (34%) percent of the unused sick leave days to a maximum of sixty-eight (68) days.

**FINDING NUMBER 2025-002**  
**(Continued)**

The District made a severance payment to Charles McNier (Transportation/Maintenance Supervisor) on November 15, 2024, but incorrectly calculated the amount paid to Charles McNier due to using the incorrect maximum number of sick days eligible for severance and the incorrect number of contract days in the daily rate calculation. Charles McNier has been employed with the District since November 8, 2004 (over fifteen years). As a result of the miscalculations, Charles McNier's severance payment was overpaid in the amount of \$1,546.64.

|                                                                 |             |
|-----------------------------------------------------------------|-------------|
| <b>District's Calculation of Severance Payment</b>              |             |
| Maximum number of sick days eligible for severance              | 70          |
| Contract amount                                                 | \$25,995.53 |
| Contract days                                                   | 85          |
| Daily Rate                                                      | \$305.83    |
| Total Severance Payment                                         | \$21,408.08 |
| <b>Ohio Auditor of State's Calculation of Severance Payment</b> |             |
| Maximum number of sick days eligible for severance              | 68          |
| Contract amount                                                 | \$25,995.53 |
| Contract days                                                   | 89          |
| Daily Rate                                                      | \$292.08    |
| Total Severance Payment                                         | \$19,861.44 |

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Chapter 117, a Finding for Recovery for public monies illegally expended is hereby issued against Charles McNier, in the amount of \$1,546.64.

The District should establish and implement procedures to review pay rates and negotiation agreements to verify proper severance amounts are paid out. Failure to pay out employees at the appropriate amount could result in unauthorized expenditures and future findings for recovery against the District.

This Finding for Recovery was repaid by VOYA on December 3, 2025 as evidenced by receipt # 55527.

**Officials' Response:**

The District will immediately implement an additional review procedure for all severance payments. Effective immediately, severance calculations will be independently verified by both the Treasurer and the Assistant Treasurer to ensure accuracy based on the number of days worked and the applicable provisions of the negotiated agreements.

|                                                                                   |                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  | <p style="text-align: center;"><b>SOUTHEASTERN LOCAL SCHOOL DISTRICT</b><br/> <b>226 Clifton Road</b><br/> <b>South Charleston, OH 45368</b><br/> <b>Telephone: (937) 462-8388, Fax: 1-888-207-9654</b><br/> <b>David Shea, Superintendent; Ben Kitchen, Treasurer</b></p> |
|-----------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**JUNE 30, 2025**

| <b>Finding Number</b> | <b>Finding Summary</b>                                                                                        | <b>Status</b> | <b>Additional Information</b>                                                                                            |
|-----------------------|---------------------------------------------------------------------------------------------------------------|---------------|--------------------------------------------------------------------------------------------------------------------------|
| 2024-001              | <b>Ohio Rev. Code §117.38</b> and <b>Ohio Admin. Code §117-2-03(B)</b> – Failure to report on the GAAP basis. | Not Corrected | Repeated as Finding 2025-001.<br><br>The District intends to continue to prepare cash statements in order to save money. |
| 2024-002              | <b>Ohio Rev. Code §5705.39</b> – Appropriations exceed Estimated Resources                                    | Corrected     |                                                                                                                          |

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# OHIO AUDITOR OF STATE KEITH FABER



**SOUTHEASTERN LOCAL SCHOOL DISTRICT**

**CLARK COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/3/2026**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)