



OHIO AUDITOR OF STATE
KEITH FABER



**SOUTHINGTON LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	16
Reconciliation of Total Governmental Fund Balances to	
Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance	
Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures	
and Changes in Fund Balances of Governmental Funds	
to the Statement of Activities	19
Statement of Revenues, Expenditures and Changes in	
Fund Balance - Budget (Non-GAAP Basis) and Actual	
General Fund.....	20
Notes to the Basic Financial Statements	21

**SOUTHINGTON LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2025**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (SERS of Ohio).....	60
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability (SERS of Ohio).....	62
Schedule of the School District's Proportionate Share of the Net Pension Liability (STRS of Ohio).....	64
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability (STRS of Ohio)	66
Schedule of the School District's Contributions (SERS of Ohio)	68
Schedule of the School District's Contributions (STRS of Ohio).....	70
Notes to Required Supplementary Information	72
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	77

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Southington Local School District
Trumbull County
2482 St Rt 534
Southington, OH 44470

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southington Local School District, Trumbull County, Ohio (District), as of and for the 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southington Local School District, Trumbull County, Ohio as of June 30, 2025, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

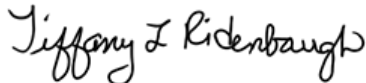
Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 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

April 6, 2026

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Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The discussion and analysis of Southington Local School District's (the School District) financial performance is presented by the School District's management and provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 include:

- Net position increased from \$9,470,617 in fiscal year 2024 to \$10,007,192 in fiscal year 2025. This increase was due mainly to an increase in cash and cash equivalents attributable to current year revenue collections exceeding current year expenses as well as to decreases in the net pension/OPEB liabilities and a reduction in long-term debt obligations attributable to the continued pay-down of debt.
- The School District had current year additions to capital assets consisting of construction in progress, building improvements, furniture, fixtures and equipment and vehicles.
- Outstanding general obligation bonded debt decreased from \$4,741,000 in fiscal year 2024 to \$4,374,000 in fiscal year 2025 due to continued debt service payments.
- The School District implemented GASB 101 during fiscal year 2025 which resulted in recognizing additional compensated absences liabilities of \$812,520 in governmental activities at July 1, 2024.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

This analysis of the School District encompasses all of the School District's funds used to provide programs and activities and presents them as a whole. This view of the School District as a whole looks at all financial transactions and answers the questions, "What were the fiscal changes throughout the year?" and "What was

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

the net effect of those changes?" The Statement of Net Position and the Statement of Activities provide the basis for answering these questions. The statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food services.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant funds.

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

The School District as a Whole

You may recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1, found on the following page, provides a comparison of the School District's Net Position for the current fiscal year compared to the prior fiscal year.

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

(Table 1)
Net Position - Governmental Activities

	2025	2024	Change
Assets			
Current and Other Assets	\$10,550,727	\$10,265,707	\$285,020
Net OPEB Asset	333,688	380,046	(46,358)
Capital Assets, Net	12,392,599	12,978,718	(586,119)
<i>Total Assets</i>	<u>23,277,014</u>	<u>23,624,471</u>	<u>(347,457)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	172,085	188,609	(16,524)
Pension	991,326	1,170,710	(179,384)
OPEB	213,388	252,865	(39,477)
<i>Total Deferred Outflows of Resources</i>	<u>1,376,799</u>	<u>1,612,184</u>	<u>(235,385)</u>
Liabilities			
Current and Other Liabilities	619,780	658,841	39,061
Long Term Liabilities:			
Due Within One Year	617,164	391,058	(226,106)
Due in More than One Year			
Net Pension Liability	4,369,810	5,374,100	1,004,290
Net OPEB Liability	197,373	356,604	159,231
Other Amounts	4,821,909	4,576,880	(245,029)
<i>Total Liabilities</i>	<u>10,626,036</u>	<u>11,357,483</u>	<u>731,447</u>
Deferred Inflows of Resources			
Property Taxes	2,495,487	2,528,844	33,357
Pension	922,591	414,661	(507,930)
OPEB	602,507	652,530	50,023
<i>Total Deferred Inflows of Resources</i>	<u>4,020,585</u>	<u>3,596,035</u>	<u>(424,550)</u>
Net Position			
Investment in Capital Assets	8,190,684	8,391,343	(200,659)
Restricted:			
Capital Projects	395,824	377,505	18,319
Debt Service	537,198	563,641	(26,443)
Unclaimed Monies	935	780	155
OPEB Plans	333,688	380,046	(46,358)
Other Purposes	679,490	666,078	13,412
Unrestricted (Deficit)	(130,627)	(96,256)	(34,371)
<i>Total Net Position</i>	<u>\$10,007,192</u>	<u>\$10,283,137</u>	<u>(\$275,945)</u>

New Accounting Pronouncements

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, Compensated Absences. GASB Statement No. 100, Accounting Changes and Error Corrections, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle.

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

The implementation of GASB 101 resulted in recognizing additional compensated absences liabilities of \$812,520 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 3).

Governmental Activities

The net pension liability (NPL) is one of the largest liability reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

A large portion of the School District's net position reflects “Net Investment in Capital Assets” (i.e. land, construction in progress, buildings and improvements, land improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Current assets increased due mainly to an increase in cash and cash equivalents as a result of cash basis receipts outpacing cash basis disbursements by approximately \$370,000 from careful management of resources. Capital assets decreased as a result of current year deletions and annual depreciation outpacing current year additions.

Current liabilities decreased due largely to a decrease in contracts and intergovernmental payables as well as unearned revenue. Long-term liabilities decreased during fiscal year 2025 due to the paydown of long-term debt obligations as well as to decreases in the net pension/OPEB liabilities. As indicated previously, changes in the pension benefits, contribution rates and return on investments affect the balance of the net position and net OPEB liabilities.

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025 and 2024.

(Table 2)
Change in Net Position - Governmental Activities

	2025	2024	Change
Revenues			
Program Revenues			
Charges for Services and Sales	\$375,779	\$361,157	\$14,622
Operating Grants, Contributions and Interest	870,594	1,180,544	(309,950)
<i>Total Program Revenues</i>	<u>1,246,373</u>	<u>1,541,701</u>	<u>(295,328)</u>
General Revenues			
Property Taxes	2,402,315	2,391,781	10,534
Grants and Entitlements not Restricted to Specific Programs	4,249,319	4,123,710	125,609
Investment Earnings/Interest	333,962	342,413	(8,451)
Unrestricted Contributions	1,835	2,469	(634)
Gain on Sale of Capital Assets	0	26,600	(26,600)
Miscellaneous	23,938	39,812	(15,874)
<i>Total General Revenues</i>	<u>7,011,369</u>	<u>6,926,785</u>	<u>84,584</u>
<i>Total Revenues</i>	<u>8,257,742</u>	<u>8,468,486</u>	<u>(210,744)</u>
Program Expenses			
Instruction:			
Regular	3,245,092	3,385,736	140,644
Special	1,192,166	999,102	(193,064)
Vocational	477	10,716	10,239
Support Services:			
Pupil	398,492	349,123	(49,369)
Instructional Staff	68,732	75,957	7,225
Board of Education	43,910	92,823	48,913
Administration	523,669	536,263	12,594
Fiscal	278,151	252,346	(25,805)
Business	0	44	44
Operation and Maintenance of Plant	780,103	649,579	(130,524)
Pupil Transportation	385,296	343,818	(41,478)
Central	98,423	77,071	(21,352)
Operation of Non-Instructional Services	0	4,745	4,745
Food Service Operations	250,570	234,945	(15,625)
Extracurricular Activities	342,686	297,415	(45,271)
Interest	113,400	153,502	40,102
<i>Total Expenses</i>	<u>7,721,167</u>	<u>7,463,185</u>	<u>(257,982)</u>
<i>Change in Net Position</i>	<u>536,575</u>	<u>1,005,301</u>	<u>(468,726)</u>
Net Position Beginning of Year as Previously Reported	10,283,137	9,277,836	1,005,301
Restatement - Change in Accounting Principle	(812,520)	0	(812,520)
Restated Net Position Beginning of Year	<u>9,470,617</u>	<u>9,277,836</u>	<u>192,781</u>
Net Position End of Year	<u>\$10,007,192</u>	<u>\$10,283,137</u>	<u>(\$275,945)</u>

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

New Accounting Pronouncements

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, Compensated Absences. GASB Statement No. 100, Accounting Changes and Error Corrections does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, Compensated Absences. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 3.)

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

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

Program revenues decreased for governmental activities in fiscal year 2025 due to a drop in operating grants. The decrease in operating grants was mainly due to a decrease in ESSER funding as the grant program concluded. The decrease in program revenues was partially offset by an increase in charges for services resulting from higher extracurricular revenues. General revenues went up mainly because of higher unrestricted grants due to an increase in State Foundation.

Instruction composes the most significant portion of governmental program expenses. Program expenses went up due to increases in salaries and benefits for certified and classified staff as well as to higher purchased service costs related to repairs and maintenance.

The *Statement of Activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2025 compared to 2024. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

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

	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$4,437,735	\$3,672,268	\$4,395,554	\$3,487,854
Support Services:				
Pupil and Instructional Staff	467,224	438,006	425,080	383,126
Board of Education, Administration, Fiscal Services, Business and Central	944,153	938,684	958,547	954,349
Operation and Maintenance of Plant	780,103	710,220	649,579	527,538
Pupil Transportation	385,296	385,296	343,818	232,828
Operation of Non-Instructional Services	0	0	4,745	431
Food Service Operations	250,570	10,713	234,945	(25,119)
Extracurricular Activities	342,686	206,207	297,415	206,975
Interest	113,400	113,400	153,502	153,502
<i>Total Expenses</i>	<u>\$7,721,167</u>	<u>\$6,474,794</u>	<u>\$7,463,185</u>	<u>\$5,921,484</u>

The dependence upon general revenues for governmental activities is apparent as they account for a majority of the total cost of services in fiscal year 2025. The community, as a whole, is by far the primary support for Southington Local School District students.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. Total governmental funds had revenues of \$8,278,320 and expenditures of \$7,900,959. The general fund had a decrease in fund balance which can be attributed to increases in both instructional and support services as well as significantly higher transfers out. The bond retirement fund had a small decrease in fund balance due to property tax levy collections being slightly less than the amount needed to pay principal and interest on debt obligations. The capital projects fund had an increase in fund balance resulting from a large transfer received from the general fund.

General Fund Budgeting Highlights

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

During the course of fiscal year 2025, the School District amended its general fund budget several times. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management.

Actual revenues were slightly higher than the final certificate due to higher intergovernmental revenues and higher interest revenue attributable to more favorable rates of return. Final budgeted appropriations were significantly higher than original budgeted amounts due to a large increase in transfers out. Actual expenditures were lower than final appropriations due mainly to the diligence of management to keep costs low while still providing the services the School District citizens expect.

Southington Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025
Unaudited

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress are reported net of depreciation. For fiscal year 2025, the net decrease in capital assets during the fiscal year resulted from current year deletions and annual depreciation outpacing current year additions. Fiscal year 2025 additions consisted of construction work and improvements on the new bus garage, the purchase of educational and athletic equipment and a new cargo van. Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2025, this amounted to \$99,217. See Note 10 to the basic financial statements for additional information on the School District's capital assets and Note 21 for additional information regarding required set-asides.

Debt

At June 30, 2025, the School District had general obligation bonds outstanding in the amount of \$4,374,000. During fiscal year 2021, the School District refunded a portion of the 2015 classroom facilities improvement refunding bonds to take advantage of lower interest rates. These bonds were issued for a 25 year period and will be fully repaid in fiscal year 2036. The overall debt margin of the School District as of June 30, 2025 was \$5,111,009 with an unvoted debt margin of \$99,628. Please see Note 12 of the notes to the basic financial statements for more information about the School District's long-term obligations.

Challenges and Opportunities for the Future

The School District will continue to provide the best education it can to the community's most important asset. It will continue to be a responsible and conservative caretaker of our taxpayers' dollars and will continue to work within the confines of the budget it has set forth in an effort to comply with all State mandates.

The Southington Local School District has committed itself to financial reporting excellence. Southington continues its commitment to continuous improvement in financial reporting to our community.

Contacting the School District's Financial Management

This financial report is designed to provide our students, citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the public dollars entrusted to us. If you have questions about this report or need additional financial information, contact the Treasurer at Southington Local School District, 2482 State Route 534, Southington, Ohio 44470.

Basic Financial Statements

Southington Local School District*Statement of Net Position**June 30, 2025*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,731,610
Accounts Receivable	7,356
Intergovernmental Receivable	133,843
Prepaid Items	3,709
Property Taxes Receivable	2,674,209
Net OPEB Asset (See Note 14)	333,688
Nondepreciable Capital Assets	224,230
Depreciable Capital Assets, Net	12,168,369
<i>Total Assets</i>	<u>23,277,014</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	172,085
Pension	991,326
OPEB	213,388
<i>Total Deferred Outflows of Resources</i>	<u>1,376,799</u>
Liabilities	
Accounts Payable	28,044
Accrued Wages and Benefits	469,582
Intergovernmental Payable	100,737
Matured Compensated Absences Payable	11,435
Accrued Interest Payable	7,800
Unearned Revenue	2,182
Long-Term Liabilities:	
Due Within One Year	617,164
Due In More Than One Year	
Net Pension Liability (See Note 13)	4,369,810
Net OPEB Liability (See Note 14)	197,373
Other Amounts	4,821,909
<i>Total Liabilities</i>	<u>10,626,036</u>
Deferred Inflows of Resources	
Property Taxes	2,495,487
Pension	922,591
OPEB	602,507
<i>Total Deferred Inflows of Resources</i>	<u>4,020,585</u>
Net Position	
Net Investment in Capital Assets	8,190,684
Restricted for:	
Capital Projects	395,824
Debt Service	537,198
Unclaimed Monies	935
OPEB Plans	333,688
Other Purposes	679,490
Unrestricted (Deficit)	(130,627)
<i>Total Net Position</i>	<u>\$10,007,192</u>

See accompanying notes to the basic financial statements

Southington Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2025

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$3,245,092	\$141,046	\$33,989	(\$3,070,057)
Special	1,192,166	51,242	536,766	(604,158)
Vocational	477	25	2,399	1,947
Support Services:				
Pupil	398,492	0	0	(398,492)
Instructional Staff	68,732	0	29,218	(39,514)
Board of Education	43,910	0	0	(43,910)
Administration	523,669	0	337	(523,332)
Fiscal	278,151	0	5,132	(273,019)
Operation and Maintenance of Plant	780,103	0	69,883	(710,220)
Pupil Transportation	385,296	0	0	(385,296)
Central	98,423	0	0	(98,423)
Food Service Operations	250,570	50,495	189,362	(10,713)
Extracurricular Activities	342,686	132,971	3,508	(206,207)
Interest	113,400	0	0	(113,400)
<i>Totals</i>	<u>\$7,721,167</u>	<u>\$375,779</u>	<u>\$870,594</u>	<u>(6,474,794)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				1,932,635
Debt Service				382,807
Classroom Facilities Maintenance				86,873
Grants and Entitlements not Restricted				
to Specific Programs				4,249,319
Investment Earnings/Interest				333,962
Unrestricted Contributions				1,835
Miscellaneous				<u>23,938</u>
<i>Total General Revenues</i>				<u>7,011,369</u>
Change in Net Position				<u>536,575</u>
<i>Net Position Beginning of Year as Previously Reported</i>				10,283,137
<i>Change in Accounting Principle (See Note 3)</i>				<u>(812,520)</u>
<i>Restated Net Position Beginning of Year</i>				<u>9,470,617</u>
<i>Net Position End of Year</i>				<u>\$10,007,192</u>

See accompanying notes to the basic financial statements

Southington Local School District

*Balance Sheet
Governmental Funds
June 30, 2025*

	General	Bond Retirement	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,657,175	\$515,607	\$2,400,000	\$1,157,893	\$7,730,675
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	935	0	0	0	935
Accounts Receivable	6,606	0	0	750	7,356
Intergovernmental Receivable	68,913	0	0	64,930	133,843
Interfund Receivable	72,072	0	0	0	72,072
Prepaid Items	3,709	0	0	0	3,709
Property Taxes Receivable	2,150,039	414,464	0	109,706	2,674,209
<i>Total Assets</i>	<u>\$5,959,449</u>	<u>\$930,071</u>	<u>\$2,400,000</u>	<u>\$1,333,279</u>	<u>\$10,622,799</u>
Liabilities					
Accounts Payable	\$28,044	\$0	\$0	\$0	\$28,044
Accrued Wages and Benefits	429,373	0	0	40,209	469,582
Intergovernmental Payable	92,772	0	0	7,965	100,737
Interfund Payable	0	0	0	72,072	72,072
Matured Compensated Absences Payable	11,435	0	0	0	11,435
Unearned Revenue	0	0	0	2,182	2,182
<i>Total Liabilities</i>	<u>561,624</u>	<u>0</u>	<u>0</u>	<u>122,428</u>	<u>684,052</u>
Deferred Inflows of Resources					
Property Taxes	2,007,233	385,073	0	103,181	2,495,487
Unavailable Revenue	191,924	26,514	0	66,483	284,921
<i>Total Deferred Inflows of Resources</i>	<u>2,199,157</u>	<u>411,587</u>	<u>0</u>	<u>169,664</u>	<u>2,780,408</u>
Fund Balances					
Nonspendable	4,644	0	0	0	4,644
Restricted	0	518,484	0	1,103,287	1,621,771
Committed	84,393	0	0	0	84,393
Assigned	551,269	0	2,400,000	0	2,951,269
Unassigned (Deficit)	2,558,362	0	0	(62,100)	2,496,262
<i>Total Fund Balances</i>	<u>3,198,668</u>	<u>518,484</u>	<u>2,400,000</u>	<u>1,041,187</u>	<u>7,158,339</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$5,959,449</u>	<u>\$930,071</u>	<u>\$2,400,000</u>	<u>\$1,333,279</u>	<u>\$10,622,799</u>

See accompanying notes to the basic financial statements

Southington Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances	\$7,158,339
<i>Amounts reported for governmental activities in the statement of net position are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	12,392,599
Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:	
Delinquent Property Taxes	161,225
Grants	60,597
Tuition and Fees	<u>63,099</u>
Total	284,921
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(7,800)
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liabilities and related inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	333,688
Deferred Outflows - Pension	991,326
Deferred Outflows - OPEB	213,388
Net Pension Liability	(4,369,810)
Net OPEB Liability	(197,373)
Deferred Inflows - Pension	(922,591)
Deferred Inflows - OPEB	<u>(602,507)</u>
Total	(4,553,879)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Deferred Charge on Refunding	172,085
General Obligation Bonds	(4,374,000)
Compensated Absences	(1,043,243)
Special Termination Benefits	<u>(21,830)</u>
Total	<u>(5,266,988)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$10,007,192</u></u>

See accompanying notes to the basic financial statements

Southington Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Bond Retirement	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$1,984,617	\$401,252	\$0	\$89,999	\$2,475,868
Intergovernmental	4,487,650	62,217	0	493,559	5,043,426
Investment Earnings/Interest	333,962	0	0	23,004	356,966
Tuition and Fees	182,507	0	0	0	182,507
Extracurricular Activities	44,512	0	0	88,459	132,971
Contributions and Donations	1,835	0	0	10,314	12,149
Charges for Services	0	0	0	50,495	50,495
Miscellaneous	12,364	0	0	11,574	23,938
<i>Total Revenues</i>	<u>7,047,447</u>	<u>463,469</u>	<u>0</u>	<u>767,404</u>	<u>8,278,320</u>
Expenditures					
Current:					
Instruction:					
Regular	2,665,241	0	0	31,606	2,696,847
Special	978,218	0	0	238,697	1,216,915
Vocational	477	0	0	0	477
Support Services:					
Pupil	414,443	0	0	0	414,443
Instructional Staff	43,562	0	0	29,395	72,957
Board of Education	53,216	0	0	0	53,216
Administration	552,127	0	0	318	552,445
Fiscal	273,329	7,591	0	7,397	288,317
Operation and Maintenance of Plant	612,787	0	0	238,555	851,342
Pupil Transportation	391,317	0	0	0	391,317
Central	97,302	0	0	0	97,302
Food Services Operations	11,585	0	0	268,349	279,934
Extracurricular Activities	198,436	0	0	138,426	336,862
Capital Outlay	0	0	0	184,054	184,054
Debt Service:					
Principal Retirement	0	367,000	0	0	367,000
Interest	0	97,531	0	0	97,531
<i>Total Expenditures</i>	<u>6,292,040</u>	<u>472,122</u>	<u>0</u>	<u>1,136,797</u>	<u>7,900,959</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>755,407</u>	<u>(8,653)</u>	<u>0</u>	<u>(369,393)</u>	<u>377,361</u>
Other Financing Sources (Uses)					
Transfers In	0	0	2,400,000	411,000	2,811,000
Transfers Out	(2,811,000)	0	0	0	(2,811,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,811,000)</u>	<u>0</u>	<u>2,400,000</u>	<u>411,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(2,055,593)</u>	<u>(8,653)</u>	<u>2,400,000</u>	<u>41,607</u>	<u>377,361</u>
<i>Fund Balances Beginning of Year</i>	<u>5,254,261</u>	<u>527,137</u>	<u>0</u>	<u>999,580</u>	<u>6,780,978</u>
<i>Fund Balances End of Year</i>	<u>\$3,198,668</u>	<u>\$518,484</u>	<u>\$2,400,000</u>	<u>\$1,041,187</u>	<u>\$7,158,339</u>

See accompanying notes to the basic financial statements

Southington Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	\$377,361
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:	
Capital Outlay Additions	300,796
Current Year Depreciation	<u>(886,915)</u>
Total	(586,119)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	(73,553)
Grants	43,169
Tuition and Fees	<u>9,806</u>
Total	(20,578)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	367,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds:	
Accrued Interest on Bonds	655
Amortization of Deferred Charge on Refunding	<u>(16,524)</u>
Total	(15,869)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	487,366
OPEB	<u>12,257</u>
Total	499,623
Except for the amounts reported as deferred inflows/outflows, changes in the net pension/ OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:	
Pension	(170,390)
OPEB	<u>111,162</u>
Total	(59,228)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Compensated Absences	(34,921)
Special Termination Benefits	<u>9,306</u>
Total	<u>(25,615)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$536,575</u></u>

See accompanying notes to the basic financial statements

Southington Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$1,942,390	\$1,976,178	\$1,976,178	\$0
Intergovernmental	4,364,525	4,481,848	4,484,047	2,199
Interest	324,360	330,000	333,962	3,962
Tuition and Fees	178,876	181,989	181,989	0
Contributions and Donations	665	678	678	0
Miscellaneous	9,350	9,726	9,726	0
<i>Total Revenues</i>	<u>6,820,166</u>	<u>6,980,419</u>	<u>6,986,580</u>	<u>6,161</u>
Expenditures				
Current:				
Instruction:				
Regular	3,172,665	2,812,223	2,696,950	115,273
Special	725,080	1,008,000	989,571	18,429
Vocational	17,205	8,000	2,142	5,858
Support Services:				
Pupil	378,680	428,804	412,629	16,175
Instructional Staff	61,225	116,030	104,174	11,856
Board of Education	69,270	74,639	58,254	16,385
Administration	638,655	612,140	569,613	42,527
Fiscal	302,875	305,706	288,566	17,140
Operation and Maintenance of Plant	513,370	725,099	655,928	69,171
Pupil Transportation	406,885	476,199	417,022	59,177
Central	40,985	106,625	97,214	9,411
Food Service Operations	1,010	1,000	544	456
Extracurricular Activities	151,795	161,500	153,768	7,732
<i>Total Expenditures</i>	<u>6,479,700</u>	<u>6,835,965</u>	<u>6,446,375</u>	<u>389,590</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>340,466</u>	<u>144,454</u>	<u>540,205</u>	<u>395,751</u>
Other Financing Sources (Uses)				
Advances In	52,892	52,892	52,892	0
Advances Out	(60,000)	(72,000)	(71,772)	228
Transfers Out	(305,000)	(2,829,000)	(2,829,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(312,108)</u>	<u>(2,848,108)</u>	<u>(2,847,880)</u>	<u>228</u>
<i>Net Change in Fund Balance</i>	<u>28,358</u>	<u>(2,703,654)</u>	<u>(2,307,675)</u>	<u>395,979</u>
<i>Fund Balance Beginning of Year</i>	<u>5,478,539</u>	<u>5,478,539</u>	<u>5,478,539</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>76,566</u>	<u>76,566</u>	<u>76,566</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$5,583,463</u>	<u>\$2,851,451</u>	<u>\$3,247,430</u>	<u>\$395,979</u>

See accompanying notes to the basic financial statements

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's one instructional/support facility staffed by 24 classified employees, 38 certified employees and 3 administrative employees who provide services to 402 students and other community members.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; (2) the School District is entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in three jointly governed organizations, one insurance purchasing pool and one risk sharing pool. These organizations are the North East Ohio Management Information Network, Trumbull Career and Technical Center, State Support Team Region 5, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Basis of Presentation

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

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

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

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

Fund Accounting

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Bond Retirement Fund The bond retirement fund accounts for and reports property tax revenues that are restricted for the payment of principal and interest on general obligation debt.

Capital Projects Fund The capital projects fund accounts for and reports transfers assigned for the acquisition, construction or improvement of School District buildings and facilities.

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

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants and student fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding debt, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Cash and Cash Equivalents

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings/interest revenue credited to the general fund during fiscal year 2025 amounted to \$333,962, of which \$165,068 was assigned from other School District funds.

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund include unclaimed monies legally required to be maintained until the end of a five-year holding period.

Interfund Balances

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

Capital Assets

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Description	Governmental Activities Estimated Lives
Land Improvements	10 - 25 years
Buildings and Improvements	10 - 50 years
Furniture, Fixtures, and Equipment	10 - 20 years
Vehicles	8 years

Compensated Absences

For the School District, compensated absences include 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. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District this type of leave includes bereavement leave, military leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

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

Accrued Liabilities and Long-term Obligations

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds are recognized as a liability on the governmental fund financial statements when due.

Pensions/Other Postemployment Benefits (OPEB)

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

Internal Activity

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

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

Unearned Revenue

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for unclaimed monies represents amounts required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants. Restricted net position for OPEB plans represents the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. Nonspendable fund balance in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance to cover a gap between fiscal year 2026’s estimated revenue and appropriated budget and for instruction and extracurricular activities.

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Deferred Charge on Refunding

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

Estimates

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

Budgetary Data

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

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

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

Note 3 – Change in Accounting Principles

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

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

Note 4 – Fund Balances

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

Fund Balances	General	Bond Retirement	Capital Projects	Other Governmental Funds	Total
<i>Nonspendable</i>					
Unclaimed Monies	\$935	\$0	\$0	\$0	\$935
Prepaid Items	3,709	0	0	0	3,709
<i>Total Nonspendable</i>	4,644	0	0	0	4,644
<i>Restricted for</i>					
Food Service Operations	0	0	0	418,512	418,512
Scholarships and Awards	0	0	0	61,742	61,742
Local Grants	0	0	0	2,853	2,853
Student Activities and Wellness	0	0	0	16,941	16,941
Athletics	0	0	0	78,376	78,376
Classroom Facilities Maintenance	0	0	0	99,088	99,088
Alumni	0	0	0	29,951	29,951
Debt Service Payments	0	518,484	0	0	518,484
Capital Improvements	0	0	0	395,824	395,824
<i>Total Restricted</i>	0	518,484	0	1,103,287	1,621,771
<i>Committed to</i>					
Student Services	20,782	0	0	0	20,782
Auditing and Legal Services	8,846	0	0	0	8,846
Capital Improvements	41,368	0	0	0	41,368
Severance	13,397	0	0	0	13,397
<i>Total Committed</i>	84,393	0	0	0	84,393
<i>Assigned to</i>					
Fiscal Year 2026 Operations	406,783	0	0	0	406,783
Instruction and Extracurricular Activities	67,251	0	0	0	67,251
Purchases on Order	77,235	0	0	0	77,235
Capital Improvements	0	0	2,400,000	0	2,400,000
<i>Total Assigned</i>	551,269	0	2,400,000	0	2,951,269
<i>Unassigned (Deficit)</i>	2,558,362	0	0	(62,100)	2,496,262
<i>Total Fund Balances</i>	\$3,198,668	\$518,484	\$2,400,000	\$1,041,187	\$7,158,339

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 5 – Accountability

At June 30, 2025, the following funds had deficit fund balances:

	<u>Amount</u>
<i>Other Governmental Funds:</i>	
Title VI-B	\$29,494
Title I	29,711
Preschool Grant	1,392
Miscellaneous Federal Grants	1,503

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

Note 6 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
4. Advances-In and Advances-Out are operating transaction (budget) as opposed to balance sheet transactions (GAAP).
5. Budgetary revenues and expenditures of the uniform school supply fund, class trips and public school support fund are classified to the general fund for GAAP reporting.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	General
GAAP Basis	(\$2,055,593)
Net Adjustment for Revenue Accruals	4,380
Advances In	52,892
Net Adjustment for Expenditure Accruals	(36,691)
Advances Out	(71,772)
Perspective Difference:	
Uniform School Supply	961
Class Trips	509
Public School Support	(21,158)
Encumbrances	(181,203)
Budget Basis	<u><u>(\$2,307,675)</u></u>

Note 7 - Deposits and Investments

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

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

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

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

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

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

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

Note 8 - Property Taxes

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues 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 are established by State law at thirty-five percent of appraised market value. Real property 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 revenues received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2023, were levied after April 1, 2024 and are collected in 2025 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2025 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2025, was \$13,981 in the general fund, \$639 in the classroom facilities special revenue fund and \$2,877 in the bond retirement debt service fund. The amount available as an advance at June 30, 2024, was \$5,542 in the general fund, \$276 in the classroom facilities special revenue fund and \$1,378 in the bond retirement debt service fund.

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

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Residential/Agricultural and Other Real Estate	\$95,543,820	96.33 %	\$95,588,670	95.95 %
Public Utility Personal	3,641,360	3.67	4,039,390	4.05
Total	<u>\$99,185,180</u>	<u>100.00 %</u>	<u>\$99,628,060</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$46.35		\$45.85	

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 - Receivables

Receivables at June 30, 2025, consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the stable condition of State programs and the current year guarantee of Federal funds. All receivables, except delinquent taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Foundation Adjustments	\$57,018
Title I Grant	29,711
Title VI-B Grant	29,494
Miscellaneous Federal Grants	4,333
SERS Overpayment Refund	4,260
Trumbull County ESC True-up Refund	3,845
Motor Fuel Refund	1,991
Medicaid Reimbursements	1,799
Preschool Grant	1,392
Total	<u>\$133,843</u>

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$224,230	\$0	\$0	\$224,230
Construction in Progress	91,445	170,286	(261,731)	0
<i>Total Nondepreciable Capital Assets</i>	<u>315,675</u>	<u>170,286</u>	<u>(261,731)</u>	<u>224,230</u>
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	3,321,196	0	0	3,321,196
Buildings and Improvements	17,190,710	325,285	0	17,515,995
Furniture, Fixtures and Equipment	2,843,049	33,834	(124,485)	2,752,398
Vehicles	605,139	33,122	0	638,261
<i>Total Depreciable Capital Assets</i>	<u>23,960,094</u>	<u>392,241</u>	<u>(124,485)</u>	<u>24,227,850</u>
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(1,929,833)	(165,340)	0	(2,095,173)
Buildings and Improvements	(6,906,550)	(548,179)	0	(7,454,729)
Furniture, Fixtures and Equipment	(2,036,805)	(131,442)	124,485	(2,043,762)
Vehicles	(423,863)	(41,954)	0	(465,817)
<i>Total Accumulated Depreciation</i>	<u>(11,297,051)</u>	<u>(886,915) *</u>	<u>124,485</u>	<u>(12,059,481)</u>
<i>Total Depreciable Capital Assets, Net</i>	<u>12,663,043</u>	<u>(494,674)</u>	<u>0</u>	<u>12,168,369</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$12,978,718</u>	<u>(\$324,388)</u>	<u>(\$261,731)</u>	<u>\$12,392,599</u>

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

* Depreciation expense was charged to governmental activities as follows:

	<u>Depreciation</u>
Instruction	
Regular	\$804,330
Support Services	
Pupil	106
Administration	115
Operation and Maintenance of Plant	24,657
Pupil Transportation	42,166
Central	108
Food Service Operations	8,556
Extracurricular Activities	6,877
Total Depreciation Expense	<u><u>\$886,915</u></u>

Note 11 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. DEW has finalized the impact of enrollment adjustments to the June 30, 2025 foundation funding for the School District.

Litigation

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 12 – Long-Term Obligations

Original issue amount and interest rate of the School District's debt issue are as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2021 Classroom Facilities Refunding Bonds: Serial Bonds	2.14%	\$4,935,000	2036

The changes in the School District's long-term obligations during fiscal year 2025 were as follows:

	Balance 7/1/24	Additions	Deductions	Balance 6/30/25	Amounts Due in One Year
Governmental Activities					
<i>General Obligation Bonds:</i>					
2021 Classroom Facilities Refunding Bonds					
Serial Bonds	\$4,741,000	\$0	\$367,000	\$4,374,000	\$375,000
<i>Other Long-Term Obligations:</i>					
Net Pension Liability:					
STRS	4,208,145	0	823,143	3,385,002	0
SERS	1,165,955	0	181,147	984,808	0
Total Net Pension Liability	5,374,100	0	1,004,290	4,369,810	0
Net OPEB Liability:					
SERS	356,604	0	159,231	197,373	0
Compensated Absences	1,008,322	34,921	0	1,043,243	233,656
Special Termination Benefits	31,136	0	9,306	21,830	8,508
<i>Total Other Long-Term Obligations</i>	6,770,162	34,921	1,172,827	5,632,256	242,164
<i>Total Long-Term Liabilities</i>	\$11,511,162	\$34,921	\$1,539,827	\$10,006,256	\$617,164

Increases and decreases to compensated absences are presented net in the long-term obligations table above.

The general obligation bonds will be paid from property taxes in the debt service fund. The special termination benefits will be paid from the general fund. See Note 15 for additional information related to special termination benefits. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension contributions are made from the following funds: general fund and the food service, title VI-B and the title I special revenue funds. For additional information related to the net pension and net OBEB liabilities see Notes 13 and 14.

On January 13, 2021, the School District issued \$4,935,000 in general obligation serial bonds to refund a portion of the 2015 general obligation refunding bonds. The serial bonds were issued at an interest rate of 2.14 percent. The bonds were issued for a 25 year period with final maturity on December 1, 2035. The bonds will be retired through the bond retirement debt service fund.

Net proceeds of \$5,180,755 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$4,935,000 of these bonds is considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The overall debt margin of the School District as of June 30, 2025 was \$5,111,009 with an unvoted debt margin of \$99,628. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2025 are as follows:

	Serial Bonds	
	Principal	Interest
2026	\$375,000	\$89,591
2027	386,000	81,448
2028	399,000	73,049
2029	406,000	64,436
2030	421,000	55,586
2031-2035	1,978,000	148,581
2036	409,000	4,377
Total	<u>\$4,374,000</u>	<u>\$517,068</u>

Note 13 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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 School District's contractually required contribution to SERS was \$128,110 for fiscal year 2025. Of this amount, \$8,513 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. 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 services 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.

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.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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.

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 School District's contractually required contribution to STRS was \$359,256 for fiscal year 2025. Of this amount, \$51,062 is reported as an intergovernmental payable.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01925110%	0.01759209%	
Prior Measurement Date	0.02110130%	0.01954102%	
Change in Proportionate Share	-0.00185020%	-0.00194893%	
Proportionate Share of the Net Pension Liability	\$984,808	\$3,385,002	\$4,369,810
Pension Expense	\$66,748	\$103,642	\$170,390

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$37,599	\$213,167	\$250,766
Changes of assumptions	8,810	155,999	164,809
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	62,455	25,930	88,385
School District contributions subsequent to the measurement date	128,110	359,256	487,366
Total Deferred Outflows of Resources	\$236,974	\$754,352	\$991,326

Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$1,854	\$1,854
Changes of assumptions	0	117,423	117,423
Net difference between projected and actual earnings on pension plan investments	61,599	291,041	352,640
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	72,686	377,988	450,674
Total Deferred Inflows of Resources	\$134,285	\$788,306	\$922,591

\$487,366 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$37,311)	(\$285,310)	(\$322,621)
2027	60,602	219,179	279,781
2028	(30,597)	(177,434)	(208,031)
2029	(18,115)	(149,645)	(167,760)
Total	<u>(\$25,421)</u>	<u>(\$393,210)</u>	<u>(\$418,631)</u>

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024, are presented as follows:

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. 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>	

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$1,506,621	\$984,808	\$545,471

Actuarial Assumptions – STRS

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

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

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

Actuarial assumptions used in the June 30, 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:

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
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 actuarial rate of return, without net value added by management.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$5,460,602	\$3,385,002	\$1,629,402

Note 14 – Defined Benefit OPEB Plans

See note 13 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 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 School District's surcharge obligation was \$12,257.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$12,257 for fiscal year 2025, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01937900%	0.01759209%	
Prior Measurement Date	0.02164590%	0.01954102%	
Change in Proportionate Share	<u>-0.00226690%</u>	<u>-0.00194893%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$197,373	\$0	\$197,373
Net OPEB (Asset)	\$0	(\$333,688)	(\$333,688)
OPEB Expense	(\$36,913)	(\$74,249)	(\$111,162)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$0	\$14,506	\$14,506
Changes of assumptions	84,713	41,073	125,786
Net difference between projected and actual earnings on OPEB plan investments	963	0	963
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	48,216	11,660	59,876
School District contributions subsequent to the measurement date	<u>12,257</u>	<u>0</u>	<u>12,257</u>
Total Deferred Outflows of Resources	<u>\$146,149</u>	<u>\$67,239</u>	<u>\$213,388</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$212,820	\$35,960	\$248,780
Changes of assumptions	90,666	150,491	241,157
Net difference between projected and actual earnings on OPEB plan investments	0	14,328	14,328
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>97,798</u>	<u>444</u>	<u>98,242</u>
Total Deferred Inflows of Resources	<u>\$401,284</u>	<u>\$201,223</u>	<u>\$602,507</u>

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

\$12,257 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2026	(\$67,349)	(\$49,350)	(\$116,699)
2027	(48,135)	(20,909)	(69,044)
2028	(38,006)	(27,217)	(65,223)
2029	(32,068)	(25,166)	(57,234)
2030	(31,777)	(20,073)	(51,850)
Thereafter	(50,057)	8,731	(41,326)
Total	<u>(\$267,392)</u>	<u>(\$133,984)</u>	<u>(\$401,376)</u>

Actuarial Assumptions – SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

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

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

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

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' 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.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$263,191	\$197,373	\$145,073

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$133,418	\$197,373	\$281,440

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

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

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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

Actuarial assumptions used in the June 30, 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

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.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$271,311)	(\$333,688)	(\$387,970)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$391,637)	(\$333,688)	(\$263,997)

Note 15 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for certified employees and classified employees is 324 days.

For all employees, retirement severance is paid to each employee retiring from the School District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the School District for a minimum of ten consecutive years and has ten years of service with the State retirement system at the time of retirement. Certified and classified employees receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 81 days.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through ReliaStar Insurance Company, in the amount of \$50,000 for all regular contracted certified employees and \$30,000 for all regular contracted classified employees.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Health Insurance Benefits

The School District provides employee medical and surgical plans through Aetna. Employees may choose between two comprehensive major medical plans for medical/surgical insurance. These plans provide medical/surgical coverage with deductibles ranging from \$100 to \$2,000 for single coverage and \$200 to \$4,000 for family coverage with a maximum of \$1,100 per individual and \$2,200 per family. Prescription drug is provided through Medical Mutual of Ohio and dental is provided through Delta Dental. Vision is provided through Medical Mutual.

Retirement Incentive

The School District's Board of Education offered employees participation in a Retirement Incentive program. Participation was open to teachers who were eligible for service retirement under the State Teachers Retirement System (STRS) pursuant to O.R.C. 3307.38 and any applicable STRS regulations along with being at least 60 years of age. The Board of Education will pay an annual supplement to the retiree for single group rate coverage provided through STRS to be applied to the retiree's premium share until their 65th birthday. For fiscal year 2025, the retirement incentive remaining balance is \$21,830. The retirement incentive is being paid out over a five year period.

Note 16 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2025, the School District has addressed these various types of risk by purchasing a comprehensive insurance policy through Schools of Ohio Risk Sharing Authority (Note 18).

Professional liability is maintained in the amount of \$15,000,000 for single occurrence and \$17,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$10,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$42,164,749.

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

Workers' Compensation

For fiscal year 2025, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgwick provides administrative, cost control and actuarial services to the GRP. The Board exercises total control over the operations of the GRP including budgeting, appropriating, contracting and designating management.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 17 - Jointly Governed Organizations

North East Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. Southington Local School District paid \$30,457 to NEOMIN during fiscal year 2025.

The Governing Board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The Southington Local School District was not represented on the Governing Board during fiscal year 2025. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446-4603.

Trumbull Career and Technical Center (Center) The Trumbull Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The Center is operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. Southington Local School District did not make any contributions to the Center during fiscal year 2025. To obtain financial information write to the Trumbull Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

State Support Team Region 5 The State Support Team Region 5 is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The State Support Team Region 5 is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Southington Local School District did not make any contributions to the State Support Team Region 5 during fiscal year 2025. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 105, Youngstown, Ohio 44512.

Note 18 – Public Entity Risk Sharing Pools

Insurance Purchasing Pool

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

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Risk Sharing Pool

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 106 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Note 19 – Interfund Transfers and Balances

Interfund Balances

Interfund balances at June 30, 2025, consist of the following individual fund receivables and payables:

	<u>Interfund Receivable</u>
<u>Interfund Payable</u>	<u>General Fund</u>
Other Governmental Funds:	
Student Activities	\$500
Athletics and Music	300
Title VI-B	30,309
Title I	32,967
Preschool Grant	1,392
Miscellaneous Federal Grants	6,604
<i>Total</i>	<u><u>\$72,072</u></u>

The interfund receivable and payable between the general fund and the other governmental funds is due to the timing of the grant receipts. All advances are expected to be repaid within one year.

Interfund Transfers

Interfund transfers made during fiscal year 2025 consisted of transfers from the general fund to the capital projects fund in the amount of \$2,400,000 and the other governmental funds in the amount of \$411,000. The transfers from the general fund were made to provide for capital improvements and funding for various school programs.

Note 20 – Encumbrances

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

General	\$181,203
Other Governmental Funds	<u>168,206</u>
Total	<u><u>\$349,409</u></u>

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 21 - Set Aside Calculation

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

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

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2024	\$0
Current Year Set-aside Requirement	99,217
Qualifying Disbursements	(3,573)
Offsets	<u>(814,531)</u>
Total	<u><u>(\$718,887)</u></u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>
Set-aside Balance as of June 30, 2025	<u><u>\$0</u></u>

Although the School District had qualifying offsets and disbursements during the fiscal year that reduced the capital acquisition set-aside amounts below zero, these amounts may not be used to reduce the set-aside requirements of future years. This balance is therefore not presented as being carried forward to future fiscal years.

Southington Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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Required Supplementary Information

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

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.01925110%	0.02110130%	0.01858160%	0.02002260%
School District's Proportionate Share of the Net Pension Liability	\$984,808	\$1,165,955	\$1,005,037	\$738,775
School District's Covered Payroll	\$807,821	\$842,743	\$579,743	\$803,729
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	121.91%	138.35%	173.36%	91.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.02025880%	0.02006580%	0.02164310%	0.02012540%	0.02058610%	0.02090300%
\$1,339,959	\$1,200,572	\$1,239,539	\$1,202,448	\$1,506,713	\$1,192,741
\$699,657	\$696,689	\$718,778	\$678,271	\$641,543	\$632,253
191.52%	172.33%	172.45%	177.28%	234.86%	188.65%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

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

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.01937900%	0.02164590%	0.01898530%	0.02060500%
School District's Proportionate Share of the Net OPEB Liability	\$197,373	\$356,604	\$266,554	\$389,967
School District's Covered Payroll	\$807,821	\$842,743	\$579,743	\$803,729
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.43%	42.31%	45.98%	48.52%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.02098220%	0.02046600%	0.02192110%	0.02037180%	0.02082630%
\$456,013	\$514,676	\$608,150	\$546,727	\$593,627
\$699,657	\$696,689	\$718,778	\$678,271	\$641,543
65.18%	73.87%	84.61%	80.61%	92.53%
18.17%	15.57%	13.57%	12.46%	11.49%

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

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.01759209%	0.01954102%	0.01961278%	0.01905084%
School District's Proportionate Share of the Net Pension Liability	\$3,385,002	\$4,208,145	\$4,359,947	\$2,435,819
School District's Covered Payroll	\$2,469,521	\$2,602,564	\$2,647,486	\$2,281,293
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	137.07%	161.69%	164.68%	106.77%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.01955624%	0.01944212%	0.01935246%	0.01988876%	0.01871906%	0.02033617%
\$4,731,915	\$4,299,509	\$4,255,171	\$4,724,617	\$6,265,834	\$5,620,321
\$2,360,271	\$2,291,671	\$2,205,921	\$2,207,107	\$1,974,221	\$2,103,243
200.48%	187.61%	192.90%	214.06%	317.38%	267.22%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

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

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Asset/Liability	0.01759209%	0.01954102%	0.01961278%	0.01905084%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$333,688)	(\$380,046)	(\$507,841)	(\$401,670)
School District's Covered Payroll	\$2,469,521	\$2,602,564	\$2,647,486	\$2,281,293
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.51%	-14.60%	-19.18%	-17.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.01955624%	0.01944212%	0.01935246%	0.01988876%	0.01871906%
(\$343,700)	(\$322,008)	(\$310,974)	\$775,987	\$1,001,100
\$2,360,271	\$2,291,671	\$2,205,921	\$2,207,107	\$1,974,221
-14.56%	-14.05%	-14.10%	35.16%	50.71%
182.10%	174.70%	176.00%	47.10%	37.30%

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

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$128,110	\$113,095	\$117,984	\$81,164
Contributions in Relation to the Contractually Required Contribution	<u>(128,110)</u>	<u>(113,095)</u>	<u>(117,984)</u>	<u>(81,164)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$915,071	\$807,821	\$842,743	\$579,743
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	12,257	12,563	15,460	12,324
Contributions in Relation to the Contractually Required Contribution	<u>(12,257)</u>	<u>(12,563)</u>	<u>(15,460)</u>	<u>(12,324)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.34%</u>	<u>1.56%</u>	<u>1.83%</u>	<u>2.13%</u>
Total Contributions as a Percentage of Covered Payroll (1)	<u>15.34%</u>	<u>15.56%</u>	<u>15.83%</u>	<u>16.13%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
\$112,522	\$97,952	\$94,053	\$97,035	\$94,958	\$89,816
(112,522)	(97,952)	(94,053)	(97,035)	(94,958)	(89,816)
\$0	\$0	\$0	\$0	\$0	\$0
\$803,729	\$699,657	\$696,689	\$718,778	\$678,271	\$641,543
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
13,048	13,289	15,518	15,278	10,868	10,386
(13,048)	(13,289)	(15,518)	(15,278)	(10,868)	(10,386)
\$0	\$0	\$0	\$0	\$0	\$0
1.62%	1.90%	2.23%	2.13%	1.60%	1.62%
15.62%	15.90%	15.73%	15.63%	15.60%	15.62%

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

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$359,256	\$345,733	\$364,359	\$370,648
Contributions in Relation to the Contractually Required Contribution	<u>(359,256)</u>	<u>(345,733)</u>	<u>(364,359)</u>	<u>(370,648)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$2,566,114	\$2,469,521	\$2,602,564	\$2,647,486
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Net OPEB Liability (Asset) (1)

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2016-2025. STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$319,381	\$330,438	\$320,834	\$308,829	\$308,995	\$276,391
<u>(319,381)</u>	<u>(330,438)</u>	<u>(320,834)</u>	<u>(308,829)</u>	<u>(308,995)</u>	<u>(276,391)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,281,293	\$2,360,271	\$2,291,671	\$2,205,921	\$2,207,107	\$1,974,221
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Southington Local School District, Ohio

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

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

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

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

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

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

Changes in Assumptions – STRS

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

Southington Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

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

Investment rate of return:

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

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

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

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

Changes in Benefit Term – STRS

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

Southington Local School District, Ohio

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2025	4.88 percent
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Southington Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Assumptions – STRS

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

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

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

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

Changes in Benefit Terms – STRS

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

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

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

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

Southington Local School District, Ohio

*Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025*

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

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

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

For fiscal year 2024, 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.

OHIO AUDITOR OF STATE KEITH FABER

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

Southington Local School District
Trumbull County
2482 St Rt 534
Southington, OH 44470

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southington Local School District, Trumbull County, Ohio (the District) as of and for the 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 April 6, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

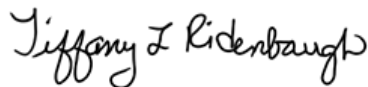
Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



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

April 6, 2026

OHIO AUDITOR OF STATE KEITH FABER



SOUTHINGTON LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/7/2026

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