

**Springboro Community City School District  
Warren County**



**Single Audit**

**For the Year Ended June 30, 2023**

**PLATTENBURG**  
Certified Public Accountants





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Board of Education  
Springboro Community City School District  
1685 South Main Street  
Springboro, Ohio 45066

We have reviewed the *Independent Auditor's Report* of the Springboro Community City School District, Warren County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Springboro Community City School District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

January 10, 2024

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**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
WARREN COUNTY  
FOR THE YEAR ENDED JUNE 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

Board of Education  
Springboro Community City School District

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

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springboro Community City School District, Ohio (the District) as of and for the year ended June 30, 2023, 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 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 District, as of June 30, 2023, and the respective changes in financial position, for the year then ended in accordance with 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2023, 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.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
Cincinnati, Ohio  
December 18, 2023

**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

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The discussion and analysis of Springboro Community City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's performance.

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- Net position of governmental activities increased \$7,427,170 which represents a 38% increase from 2022.
- General revenues accounted for \$64,894,953 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,899,116 or 17% of total revenues of \$77,794,069.
- The School District had \$70,366,899 in expenses related to governmental activities; \$12,899,116 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$64,894,953 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

**Government-Wide Financial Statements**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

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These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the School District is presented as Governmental Activities – All of the School District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the School District's major funds are presented in the Fund Financial Statements. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds.

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* 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* is reconciled in the financial statements.

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

**The School District as a Whole**

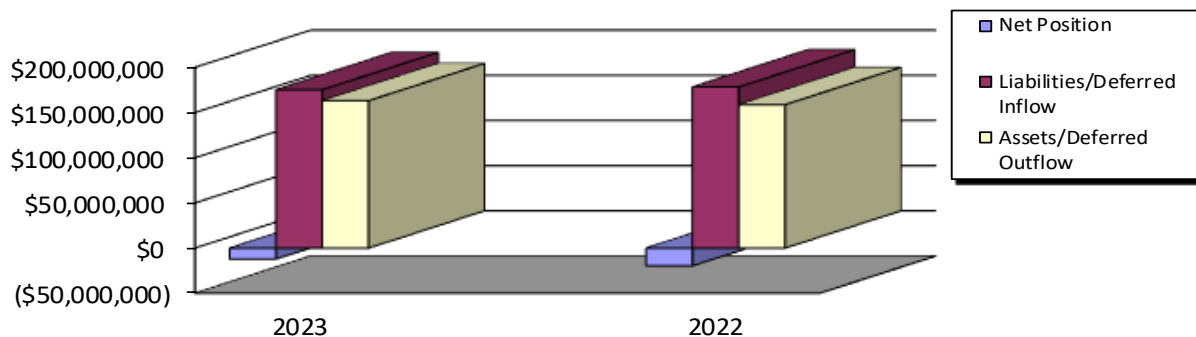
As stated previously, the Statement of Net Position looks at the School District as a whole. Table 1 provides a summary of the School District's net position for 2023 compared to 2022.

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**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
(Unaudited)

**Table 1**  
**Net Position**

	Governmental Activities	
	2023	2022
Assets:		
Current and Other Assets	\$77,534,744	\$76,464,567
Net OPEB Asset	5,547,682	4,382,460
Capital Assets	62,923,387	61,141,239
Total Assets	146,005,813	141,988,266
Deferred Outflows of Resources:		
Deferred Charge on Refunding	48,826	146,482
OPEB	1,571,926	1,904,496
Pension	15,467,020	14,657,642
Total Deferred Outflows of Resources	17,087,772	16,708,620
Liabilities:		
Other Liabilities	7,350,338	6,993,547
Long-Term Liabilities	110,908,893	91,625,530
Total Liabilities	118,259,231	98,619,077
Deferred Inflows of Resources:		
Property Taxes	37,069,403	36,825,225
Revenue in Lieu of Taxes	71,753	35,000
Lease Receivable	6,441,912	7,300,833
OPEB	8,411,949	7,746,686
Pension	5,023,174	27,781,072
Total Deferred Inflows of Resources	57,018,191	79,688,816
Net Position:		
Net Investment in Capital Assets	17,205,352	11,171,748
Restricted	17,506,342	11,725,457
Unrestricted	(46,895,531)	(42,508,212)
Total Net Position	(\$12,183,837)	(\$19,611,007)



**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the School District's liabilities and deferred inflows exceeded assets and deferred outflows by \$12,183,837.

At year-end, capital assets represented 43% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles. Net investment in capital assets at June 30, 2023, was \$17,205,352. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$17,506,342 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased when compared to the prior year due to an increase in equity in pooled cash and investments. Long-term liabilities increased due to changes in net pension liability.

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues		
Charges for Services	\$4,614,435	\$3,717,426
Operating Grants, Contributions	8,284,681	8,526,243
General Revenues:		
Property Taxes	45,783,500	45,083,368
Grants and Entitlements	18,175,351	17,625,960
Investment Earnings	295,563	47,429
Other	640,539	889,102
Total Revenues	77,794,069	75,889,528
Program Expenses:		
Instruction	38,760,260	36,242,379
Support Services:		
Pupil and Instructional Staff	7,670,490	6,680,333
School Administrative, General		
Administration, Fiscal and Business	6,019,433	5,152,639
Operations and Maintenance	5,705,808	4,949,777
Pupil Transportation	5,433,793	4,439,581
Central	509,378	446,052
Operation of Non-Instructional Services	2,173,564	1,999,363
Extracurricular Activities	2,102,717	2,106,628
Interest and Fiscal Charges	1,991,456	2,204,318
Total Program Expenses	70,366,899	64,221,070
Change in Net Position	7,427,170	11,668,458
Net Position - Beginning of Year	(19,611,007)	(31,279,465)
Net Position - End of Year	(\$12,183,837)	(\$19,611,007)

**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
(Unaudited)

The School District revenues are mainly from two sources. Property taxes levied for general and debt service, and grants and entitlements comprised 82% of the School District's revenues for governmental activities.

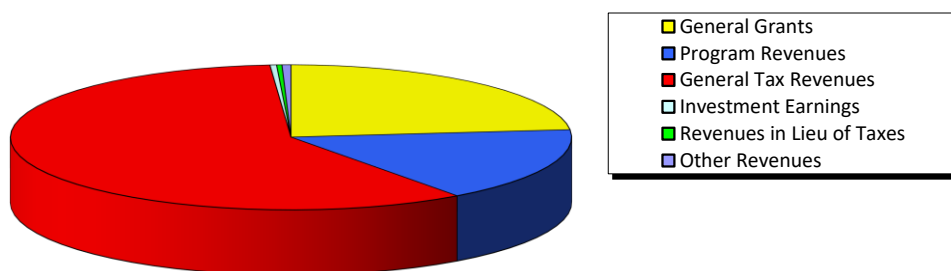
The School District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner 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.

Thus Ohio 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. Property taxes made up 59% of revenue for governmental activities for the School District in fiscal year 2023.

**Governmental Activities**

**Revenue Sources**

	2023	Percentage
General Grants	\$18,175,351	23.36%
Program Revenues	12,899,116	16.58%
General Tax Revenues	45,783,500	58.85%
Investment Earnings	295,563	0.38%
Revenues in Lieu of Taxes	238,300	0.31%
Other Revenues	402,239	0.52%
Total Revenue Sources	<u>\$77,794,069</u>	<u>100.00%</u>



Instruction comprises 55% of governmental program expenses. Support services expenses were 36% of governmental program expenses. All other expenses including interest and fiscal charges were 9%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues increased from the prior year due to an increase in charges for services and sales. General revenues increased due to changes in grants and entitlements.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. These services are mainly supported by tax revenue and unrestricted State entitlements.

**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
(Unaudited)

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

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$38,760,260	\$36,242,379	(\$32,521,875)	(\$29,431,540)
Support Services:				
Pupil and Instructional Staff	7,670,490	6,680,333	(6,204,822)	(5,831,362)
School Administrative, General				
Administration, Fiscal and Business	6,019,433	5,152,639	(5,558,741)	(4,860,415)
Operations and Maintenance	5,705,808	4,949,777	(5,483,241)	(4,130,726)
Pupil Transportation	5,433,793	4,439,581	(5,061,065)	(4,264,972)
Central	509,378	446,052	(498,578)	(435,252)
Operation of Non-Instructional Services	2,173,564	1,999,363	1,255,809	597,592
Extracurricular Activities	2,102,717	2,106,628	(1,403,814)	(1,416,408)
Interest and Fiscal Charges	1,991,456	2,204,318	(1,991,456)	(2,204,318)
Total Expenses	<u>\$70,366,899</u>	<u>\$64,221,070</u>	<u>(\$57,467,783)</u>	<u>(\$51,977,401)</u>

**The School District's Funds**

The School District has two major governmental funds: the General Fund and Bond Retirement Fund. Assets of the General Fund comprised \$59,391,469 (77%) and assets of the Bond Retirement Fund comprised \$11,215,261 (14%) of the total \$77,534,744 governmental funds' assets.

**General Fund:** Fund balance at June 30, 2023 was \$13,739,157 including \$10,364,418 of unassigned balance. The School District had an increase in fund balance of \$745,791 mainly due to total revenues exceeding expenditures during the year.

**Bond Retirement Fund:** Fund balance at June 30, 2023 was \$7,687,314 with an increase in fund balance of \$279,123 mainly due to total revenues exceeding expenditures during the year.

**General Fund Budgeting Highlights**

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

The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the School District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$62,226,267, compared to original budget estimate of \$61,084,267 while the actual revenue had a difference of \$13,922 from the final budget basis revenues due to an underestimation of taxes and intergovernmental revenue.

The School District's unobligated cash balance for the General Fund was \$13,721,027.

**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2023, the School District had \$62,923,387 invested in land, land improvements, buildings and improvements, equipment and vehicles. Table 4 shows fiscal year 2023 balances compared to fiscal year 2022:

**Table 4**  
**Capital Assets at Year End**  
**(Net of Depreciation)**

---

	Governmental Activities	
	2023	2022
Land	\$1,421,691	\$1,421,691
Land Improvements	4,272,735	2,843,162
Buildings and Improvements	52,054,690	53,171,277
Equipment	2,234,852	1,554,364
Vehicles	2,939,419	2,150,745
Total Net Capital Assets	<u>\$62,923,387</u>	<u>\$61,141,239</u>

Total Net Capital Assets increased in 2023 as compared to 2022 because depreciation expense was less than current year additions. See Note 6 to the Basic Financial Statements for further details on the School District's capital assets.

***Debt***

At June 30, 2023, the School District had \$45,766,861 in debt outstanding, \$3,892,551 due within one year. Table 5 summarizes total debt outstanding.

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**Springboro Community City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
(Unaudited)

**Table 5**  
**Outstanding Debt at Year End**

	2023	2022
General Obligation Bonds Payable:		
2007 School Improvement Refunding Bonds	\$31,980,000	\$32,510,000
Premium	2,432,489	2,675,737
2015 Refunding Bonds		
Current Interest	650,000	2,740,000
Premium	61,423	184,270
2018 Turf Field	182,560	218,790
2015 HB264 COP Bonds	3,320,000	3,540,000
Premium	64,885	70,527
Notes Payable		
2002 OASBO Pool Note	3,432,000	3,755,000
2004 OASBO Pool Note Athletic Fields	229,000	443,000
2004 OASBO Pool Note Buses	540,000	576,000
2002 OASBO Pool Note Buses	521,000	565,000
2004 OASBO Pool Note MVH	1,921,000	2,104,000
2016 CC Modular Note	22,030	76,852
2018 Bus Note	124,265	243,522
2018 Musco Lighting Project	0	39,211
2018 CC Modular Note	286,209	374,064
Total Outstanding Debt at Year End	<u>\$45,766,861</u>	<u>\$50,115,973</u>

See Note 11 to the Basic Financial Statements for further details on the School District's obligations.

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

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the CFO, at Springboro Community City School District, 1685 South Main Street, Springboro, Ohio 45066.

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Springboro Community City School District  
Statement of Net Position  
June 30, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$25,036,303
Receivables (Net):	
Taxes	44,831,345
Accounts	228,740
Interest	26,423
Intergovernmental	131,455
Lease	7,184,754
Prepays	44,306
Inventory	51,418
Nondepreciable Capital Assets	1,421,691
Depreciable Capital Assets, Net	61,501,696
Net OPEB Asset	5,547,682
Total Assets	146,005,813
Deferred Outflows of Resources:	
Deferred Charge on Refunding	48,826
Pension	15,467,020
OPEB	1,571,926
Total Deferred Outflows of Resources	17,087,772
Liabilities:	
Accounts Payable	33,869
Accrued Wages and Benefits	6,701,711
Accrued Interest Payable	181,913
Unearned Revenue	432,845
Long-Term Liabilities:	
Due Within One Year	4,055,063
Due In More Than One Year	
Net Pension Liability	60,380,552
Net OPEB Liability	3,379,792
Other Amounts	43,093,486
Total Liabilities	118,259,231
Deferred Inflows of Resources:	
Property Taxes	37,069,403
OPEB	8,411,949
Revenue in Lieu of Taxes	71,753
Pension	5,023,174
Lease Receivable	6,441,912
Total Deferred Inflows of Resources	57,018,191
Net Position:	
Net Investment in Capital Assets	17,205,352
Restricted for:	
District Managed Student Activity	575,802
Federal Grants	293
Food Service	2,062,056
Capital Projects	1,089,237
Debt Service	7,616,842
Net OPEB Asset	5,547,682
Other Purposes	614,430
Unrestricted	(46,895,531)
Total Net Position	(\$12,183,837)

See accompanying notes to the basic financial statements.

Springboro Community City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$27,632,601	\$1,390,865	\$2,405,917	(\$23,835,819)
Special	10,892,989	179,959	2,091,379	(8,621,651)
Other	234,670	0	170,265	(64,405)
Support Services:				
Pupil	4,857,487	0	926,394	(3,931,093)
Instructional Staff	2,813,003	0	539,274	(2,273,729)
General Administration	172,571	0	0	(172,571)
School Administration	3,893,440	0	336,142	(3,557,298)
Fiscal	1,486,249	0	0	(1,486,249)
Business	467,173	431	124,119	(342,623)
Operations and Maintenance	5,705,808	41,912	180,655	(5,483,241)
Pupil Transportation	5,433,793	0	372,728	(5,061,065)
Central	509,378	0	10,800	(498,578)
Operation of Non-Instructional Services	2,173,564	2,303,365	1,126,008	1,255,809
Extracurricular Activities	2,102,717	697,903	1,000	(1,403,814)
Interest and Fiscal Charges	1,991,456	0	0	(1,991,456)
Total Governmental Activities	70,366,899	4,614,435	8,284,681	(57,467,783)
General Revenues:				
Property Taxes Levied for:				
General Purposes				38,926,283
Debt Service Purposes				4,172,726
Capital Projects Purposes				2,684,491
Grants and Entitlements, Not Restricted				18,175,351
Revenue in Lieu of Taxes				238,300
Unrestricted Contributions				10,560
Investment Earnings				295,563
Other Revenues				391,679
Total General Revenues				64,894,953
Change in Net Position				7,427,170
Net Position - Beginning of Year				(19,611,007)
Net Position - End of Year				(\$12,183,837)

See accompanying notes to the basic financial statements.

Springboro Community City School District  
Balance Sheet  
Governmental Funds  
June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$13,830,118	\$7,009,253	\$4,196,932	\$25,036,303
Receivables (Net):				
Taxes	38,224,746	4,206,008	2,400,591	44,831,345
Accounts	3,740	0	225,000	228,740
Interest	26,423	0	0	26,423
Intergovernmental	78,158	0	53,297	131,455
Lease	7,184,754	0	0	7,184,754
Prepays	43,530	0	776	44,306
Inventory	0	0	51,418	51,418
Total Assets	<u>59,391,469</u>	<u>11,215,261</u>	<u>6,928,014</u>	<u>77,534,744</u>
Liabilities:				
Accounts Payable	22,139	0	11,730	33,869
Accrued Wages and Benefits	6,555,988	0	145,723	6,701,711
Compensated Absences	70,811	0	0	70,811
Unearned Revenue	0	0	432,845	432,845
Total Liabilities	<u>6,648,938</u>	<u>0</u>	<u>590,298</u>	<u>7,239,236</u>
Deferred Inflows of Resources:				
Property Taxes	32,477,043	3,527,947	2,025,008	38,029,998
Grants and Other Taxes	71,753	0	0	71,753
Accounts Receivable	0	0	180,000	180,000
Lease Receivable	6,441,912	0	0	6,441,912
Investment Earnings	12,666	0	0	12,666
Total Deferred Inflows of Resources	<u>39,003,374</u>	<u>3,527,947</u>	<u>2,205,008</u>	<u>44,736,329</u>
Fund Balances:				
Nonspendable	786,372	0	776	787,148
Restricted	0	7,687,314	4,131,932	11,819,246
Assigned	2,588,367	0	0	2,588,367
Unassigned	10,364,418	0	0	10,364,418
Total Fund Balances	<u>13,739,157</u>	<u>7,687,314</u>	<u>4,132,708</u>	<u>25,559,179</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$59,391,469</u>	<u>\$11,215,261</u>	<u>\$6,928,014</u>	<u>\$77,534,744</u>

See accompanying notes to the basic financial statements.

Springboro Community City School District  
Reconciliation of Total Governmental Fund Balance to  
Net Position of Governmental Activities  
June 30, 2023

Total Governmental Fund Balance		\$25,559,179	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets used in the operation of Governmental Funds		62,923,387	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.			
Delinquent Property Taxes	\$960,595		
Interest	12,666		
Other Receivables	180,000		
			1,153,261
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.			
			(181,913)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.			
Compensated Absences			(1,310,877)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.			
			48,826
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.			
Deferred outflows of resources related to pensions	15,467,020		
Deferred inflows of resources related to pensions	(5,023,174)		
Deferred outflows of resources related to OPEB	1,571,926		
Deferred inflows of resources related to OPEB	(8,411,949)		
			3,603,823
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.			
Net OPEB Asset	5,547,682		
Net Pension Liability	(60,380,552)		
Net OPEB Liability	(3,379,792)		
Other Amounts	(45,766,861)		
			(103,979,523)
Net Position of Governmental Activities			<u>(\$12,183,837)</u>

See accompanying notes to the basic financial statements.

Springboro Community City School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$38,361,156	\$4,139,567	\$2,662,909	\$45,163,632
Tuition and Fees	1,206,224	0	0	1,206,224
Investment Earnings	280,427	0	8,240	288,667
Intergovernmental	20,443,215	547,174	5,308,978	26,299,367
Extracurricular Activities	478,708	0	584,227	1,062,935
Charges for Services	1,090,023	0	1,501,239	2,591,262
Revenue in Lieu of Taxes	238,300	0	0	238,300
Other Revenues	298,998	0	133,357	432,355
Total Revenues	62,397,051	4,686,741	10,198,950	77,282,742
Expenditures:				
Current:				
Instruction:				
Regular	26,720,951	0	770,461	27,491,412
Special	9,758,841	0	1,051,888	10,810,729
Other	57,790	0	176,193	233,983
Support Services:				
Pupil	4,480,198	0	389,541	4,869,739
Instructional Staff	2,266,040	0	367,621	2,633,661
General Administration	171,008	0	0	171,008
School Administration	3,563,585	0	314,782	3,878,367
Fiscal	1,414,720	48,590	31,045	1,494,355
Business	392,729	0	73,501	466,230
Operations and Maintenance	4,399,613	0	233,357	4,632,970
Pupil Transportation	4,529,164	0	682,876	5,212,040
Central	486,708	0	10,800	497,508
Operation of Non-Instructional Services	7,065	0	2,123,841	2,130,906
Extracurricular Activities	1,325,568	0	619,638	1,945,206
Capital Outlay	222,816	0	3,323,572	3,546,388
Debt Service:				
Principal Retirement	1,321,145	2,620,000	36,230	3,977,375
Interest and Fiscal Charges	533,319	1,739,028	8,567	2,280,914
Total Expenditures	61,651,260	4,407,618	10,213,913	76,272,791
Net Change in Fund Balance	745,791	279,123	(14,963)	1,009,951
Fund Balance - Beginning of Year	12,993,366	7,408,191	4,147,671	24,549,228
Fund Balance - End of Year	\$13,739,157	\$7,687,314	\$4,132,708	\$25,559,179

See accompanying notes to the basic financial statements.

Springboro Community City School District  
Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balance of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balance - Total Governmental Funds	\$1,009,951
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Amounts reported for governmental activities in the  
statement of activities are different because:

Governmental funds report capital asset additions 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 of the difference between capital  
asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$5,442,861	
Depreciation Expense	<u>(3,660,713)</u>	
		1,782,148

Governmental funds report district pension and OPEB contributions as  
expenditures. However in the Statement of Activities, the cost  
of pension and OPEB benefits earned net of employee contributions are  
reported as pension and OPEB expense.

District pension contributions	5,155,931	
Cost of benefits earned net of employee contributions - Pensions	(6,816,844)	
District OPEB contributions	173,555	
Cost of benefits earned net of employee contributions - OPEB	<u>1,171,092</u>	
		(316,266)

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

Delinquent Property Taxes	619,867	
Interest	6,896	
Intergovernmental	(70,436)	
Other	<u>(45,000)</u>	
		511,327

Repayment of bond principal and accretion interest payemtns are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	3,977,375
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In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.	15,377
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Some expenses reported in the statement of activities do not require the  
use of current financial resources and, therefore, are not reported as  
expenditures in governmental funds.

Compensated Absences	173,177	
Amortization of Bond Premium	371,737	
Amortization of Deferred Charge on Refunding	<u>(97,656)</u>	
		<u>447,258</u>

Change in Net Position of Governmental Activities	<u><u>\$7,427,170</u></u>
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See accompanying notes to the basic financial statements.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 1 - Summary of Significant Accounting Policies**

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The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

**Description of the District**

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

The School District was established in 1990 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 44.7 square miles. It is located in Warren County, and includes the City of Springboro and Clearcreek Township and a small portion of Franklin Township. It is staffed by 304 non-certificated employees, 32 administrative employees, and 390 certificated full-time teaching personnel who provide services to 6,111 students and other community members. The School District currently operates 6 instructional buildings, 1 administrative building, and 1 garage, and 1 multi-use building (Educare).

**Reporting Entity**

The reporting entity is comprised of the primary government. 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 Springboro Community City School District, this includes 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; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes.

The School District has no component units.

The School District is associated with three jointly governed organizations. These organizations are the Southwestern Ohio Computer Association (SWOCA), the Warren County Career Center, and the Southwestern Ohio Educational Purchasing Council.



**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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*Southwestern Ohio Computer Association* - The School District is a participating member of the Southwestern Ohio Computer Association (SWOCA). SWOCA provides data services needed by the participating school districts. D. Russell Lee Vocational School serves as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 14 to the Basic Financial Statements.

*Warren County Career Center* - The School District became a member of a cooperative agreement to establish the Warren County Career Center to provide for the vocational and special education needs of the students. The School District is not involved in the budgeting or management of the Warren County Career Center. A board member appointed by the School District's school board members serves as a member of the Warren County Career Center Board of Education. This is a jointly governed organization and the School District's participation is discussed in Note 14 to the Basic Financial Statements.

*Southwestern Ohio Educational Purchasing Council* - The School District is a participating member of the Southwestern Ohio Educational Purchasing Council (the "Council"). The Council's purpose is to obtain prices for quality merchandise and services commonly used by schools. The Montgomery County Educational Service Center acts as the fiscal agent. This is a jointly governed organization and the School District's participation is discussed in Note 14 to the Basic Financial Statements.

**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, except for the fiduciary funds.

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

**Fund Financial Statements**

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

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Fund Accounting**

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. The funds used by this School District can be classified using two categories, governmental and fiduciary. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities.

The following fund types are used by the District:

***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, and liabilities and deferred inflows is reported as fund balance. The following are the School District's major governmental funds:

General Fund - The General Fund is the operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

Bond Retirement Fund - The Bond Retirement Debt Service Fund is a fund provided for the retirement of serial bonds and short term loans. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds or loans, shall be paid into this fund. The primary source of revenue for this fund is property tax levies.

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

***Fiduciary Funds*** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any custodial funds.

**Measurement Focus**

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

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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***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, current liabilities, and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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. Fiduciary funds also use 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. “Measurable” means the amount of the transaction can be determined and “available” means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 4). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. For the School District, deferred outflows of resources includes a deferred charge on refunding, pension, and other post employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension, and OPEB plans are explained in Notes 9 and 10.

The School District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of property taxes, revenue in lieu of taxes (which includes tax incremental financing 'TIF'), grants and other taxes, OPEB, pension, accounts receivable, lease receivable, and investment earnings. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflows on both the governmental-wide statement of net position and the governmental fund financial statements. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants, other taxes, accounts receivable, and investment earnings have been recorded as deferred inflows only on the governmental fund financial statements. Deferred inflows of resources related to pensions and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

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, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. 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.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 40 years
Buildings and Improvements	20 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	3 - 15 years
Books	5 years

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

The entire sick leave benefit and vacation liabilities are reported on the government-wide financial statements. On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as "matured compensated absences payable" in the fund from which the employees who will receive the payment is paid.

**Net Position**

Net position represents the difference between asset, liabilities and deferred inflows/outflows of resources. Net investment in capital assets; consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to their use by grantors.

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

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The government-wide statement of net position reports \$17,506,342 in restricted net position, none of which is restricted by enabling legislation.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**Prepaid Items**

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

**Interfund Transactions**

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

**Fund Balance**

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

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The School District Board of Education allows the Treasurer to assign amounts for various purchase orders.

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 resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

For purposes of measuring the net pension/OPEB 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.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the General Fund include amounts required by state statute to be set aside for budget stabilization. See Note 12 for additional information regarding set-asides and the budget stabilization reserve.

The School District maintains cash and cash equivalents in several accounts to account for proceeds from several notes payable. These monies are restricted for capital improvements to School District facilities and these amounts are reported as "Restricted Cash and Cash Equivalents with Fiscal Agents" on the financial statements.

**Interfund Balances**

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

**Note 2 - Cash, Cash Equivalents and Investments**

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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. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet and the statement of net position.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2023 amounted to \$280,427 credited to the General Fund and \$8,240 credited to Other Governmental Funds.



**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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For purposes of presentation on the financial statements, 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 considered to be cash equivalents.

**Note 3 – Deposits and Investments**

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State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 the Board of Education 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 monies held by the District can be deposited or invested in the following securities:

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

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

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

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, \$20,163,760 of the School District's bank balance of \$20,663,760 was exposed to custodial credit risk because it was uninsured and collateralized.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

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. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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As of June 30, 2023, the School District had the following investments and maturities:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable CD's	\$3,025,724	Level 2	2.32
Federal Home Loan Bank	1,399,159	Level 2	2.24
Federal Farm Credit Bank	\$745,930	Level 2	3.13
Money Market Fund	183,713	N/A	0.00
Star Ohio	36,872	N/A	0.11
Total Fair Value	<u>\$5,391,398</u>		
Portfolio Weighted Average Maturity			2.32

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2023. STAR Ohio is reported at its share price (Net Asset value per share). All other investments of the District are valued using quoted market prices.

**Interest rate risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to meet cash flow requirements. The policy stipulates that generally investments should not exceed one year unless matched to specific cash flow requirements. The School District has complied with this requirement.

**Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investment policy limits investments to those authorized by State statute. Investments in STAR Ohio were rated AAAm by Standard & Poor's. Money Market Funds and Negotiable CDs were not rated.

**Concentration of credit risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount it may invest in any one issuer. The School District has invested 0.7% in STAR Ohio, 3.4% in Money Market Funds, 26% in Federal Home Loan Bank, 13.8% in Federal Farm Credit Bank, and 56.1% in Negotiable CDs.

**Custodial credit risk** is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
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The School District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**Note 4 – Property Taxes**

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Property taxes are levied and assessed on a calendar year basis while the School District 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 distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected in 2023 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 assessed values upon which the fiscal year 2023 taxes were collected are:

	Amount
Agricultural/Residential and Other Real Estate	\$1,490,111,630
Public Utility Personal	128,009,470
Total Assessed Value	<u>\$1,618,121,100</u>

The School District receives property taxes from Warren and Montgomery Counties. 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, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations. The amount available as an advance at June 30, 2023, was \$7,672,399 and is recognized as revenue: \$6,521,647 in the General Fund, \$735,266 in the Bond Retirement Fund, and \$415,485 in the Permanent Improvement Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis they are recorded as a deferred inflow of resources.

**Note 5 – Receivables**

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Receivables at June 30, 2023, consisted of taxes, accounts, interest, leases, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**Note 6 – Capital Assets**

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Capital assets activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$1,421,691	\$0	\$0	\$1,421,691
<b><i>Capital Assets, being depreciated:</i></b>				
Land Improvements	8,758,495	1,654,854	0	10,413,349
Buildings and Improvements	104,184,889	1,395,159	0	105,580,048
Equipment	14,918,921	1,342,328	0	16,261,249
Vehicles	5,144,657	1,050,520	0	6,195,177
Totals at Historical Cost	<u>134,428,653</u>	<u>5,442,861</u>	<u>0</u>	<u>139,871,514</u>
Less Accumulated Depreciation:				
Land Improvements	5,915,333	225,281	0	6,140,614
Buildings and Improvements	51,013,612	2,511,746	0	53,525,358
Equipment	13,364,557	661,840	0	14,026,397
Vehicles	2,993,912	261,846	0	3,255,758
Total Accumulated Depreciation	<u>73,287,414</u>	<u>3,660,713</u>	<u>0</u>	<u>76,948,127</u>
Governmental Activities Capital Assets, Net	<u>\$61,141,239</u>	<u>\$1,782,148</u>	<u>\$0</u>	<u>\$62,923,387</u>

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,970,220
Special	12,267
Support Services:	
Pupils	26,930
Instructional Staff	182,796
General Administration	1,496
School Administration	29,779
Fiscal	1,788
Business	1,573
Operations & Maintenance	1,034,092
Pupil Transportation	176,250
Central	868
Operation of Non-Instructional Services	73,442
Extracurricular Activities	149,212
Total Depreciation Expense	<u>\$3,660,713</u>

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**Note 7 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; error and omissions; injuries to employees and natural disasters. During the fiscal year 2023, the School District contracted with Liberty Mutual Insurance Company for property insurance with a \$166,901,944 aggregate limit and a \$5,000 deductible and inland marine of \$100,000 limit and a \$1,000 deductible. Professional liability is protected with a per occurrence limit of \$1,000,000 and a \$3,000,000 aggregate limit under a commercial umbrella policy.

The School District's vehicles are covered by Liberty Mutual Insurance Company and it holds a \$1,000 comprehensive deductible and a \$1,000 deductible for buses and \$500 deductible for other vehicles. Automobile liability has a \$1,000,000 combined single limit of liability. Vehicles are also covered under the commercial umbrella policy.

CAN Surety Insurance Company maintains a \$50,000 public official bond for the Treasurer and Business Manager and a \$10,000 blanket bond for other employees.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on claim history and administrative costs.

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant changes in coverage from the prior year.

The School District provides medical/surgical insurance through Anthem, dental insurance through Dental Care Plus and vision insurance through Faye Med, commercial insurance companies.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 8 – Employee Benefits**

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**Compensated Absences**

The criteria for determining vested vacation and sick leave components 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 and administrators do not earn vacation time, with the exception of the Superintendent, Treasurer, Director of Educational Services, and Director of Support Services. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for certified employees, classified, exempt, and administration. Upon retirement and after being employed in the District for ten years, payment is made for twenty-five percent of the employee's accumulated sick leave.

**Note 9 - Defined Benefit Pension Plans**

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

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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
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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 remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

**Plan Description**

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

Age and service requirements for retirement are as follows:

	Eligible to 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. 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% COLA for calendar year 2023.

**Funding Policy**

Plan members are required to contribute 10.0% of their annual covered salary and the District is required to contribute 14.0% 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



**Springboro Community City School District, Ohio**  
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amounts of 10.0% for plan members and 14.0% 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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,281,611 for fiscal year 2023. Of this amount \$182,581 is reported as accrued wages and benefits.

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

**Plan Description**

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0.0% 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 3.0% 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. Eligibility changes will be phased in August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% 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 4.47% of the 14.0% 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.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
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The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% 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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$3,874,320 for fiscal year 2023. Of this amount \$645,720 is reported as accrued wages and benefits.

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

The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$12,752,189	\$47,628,364	\$60,380,552
Proportion of the Net Pension Liability:			
Current Measurement Date	0.23576840%	0.21425143%	
Prior Measurement Date	0.23243530%	0.20785535%	
Change in Proportionate Share	0.00333310%	0.00639608%	
Pension Expense	\$839,916	\$5,976,928	\$6,816,844

At June 30 2023, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	516,474	609,704	\$1,126,178
Changes of assumptions	125,828	5,699,684	5,825,512
Net difference between projected and actual earnings on pension plan investments	0	1,657,363	1,657,363
Changes in employer proportionate share of net pension liability	221,265	1,480,771	1,702,036
Contributions subsequent to the measurement date	1,281,611	3,874,320	5,155,931
Total Deferred Outflows of Resources	<u>\$2,145,178</u>	<u>\$13,321,842</u>	<u>\$15,467,020</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	83,715	182,194	\$265,909
Changes of assumptions	0	4,290,224	4,290,224
Net difference between projected and actual earnings on pension plan investments	444,993	0	444,993
Changes in employer proportionate share of net pension liability	0	22,048	22,048
Total Deferred Inflows of Resources	<u>\$528,708</u>	<u>\$4,494,466</u>	<u>\$5,023,174</u>

\$5,155,931 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$212,952	\$665,126	\$878,078
2025	\$18,082	\$295,735	313,817
2026	(\$635,682)	(\$838,094)	(1,473,776)
2027	\$739,507	\$4,830,289	5,569,796
Total	<u>\$334,859</u>	<u>\$4,953,056</u>	<u>\$5,287,915</u>

**Springboro Community City School District, Ohio**  
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**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

**Discount Rate**

The total pension liability for 2022 was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). 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.

**Sensitivity of the 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%, 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$18,770,613	\$12,752,189	\$7,681,748

**Springboro Community City School District, Ohio**  
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**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on age	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% 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.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates, thereafter, 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. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, 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.

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

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

\* Final target weights reflected October 1, 2022.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
Proportionate share of the net pension liability	\$71,949,118	\$47,628,364	\$27,060,535

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**Changes Between the Measurement Date and the Reporting Date**

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

**Note 10 - Defined Benefit OPEB Plans**

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See Note 9 for a description of the net OPEB liability (asset).

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

**Health Care Plan Description**

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

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

**Funding Policy**

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



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remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, 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 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$173,555.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$173,555 for fiscal year 2023.

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

**Plan Description**

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

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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**Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	3,379,792	\$0	\$3,379,792
Proportionate Share of the Net OPEB (Asset)	0	(5,547,682)	(5,547,682)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.24072410%	0.21425143%	
Prior Measurement Date	0.24078480%	0.20785535%	
Change in Proportionate Share	-0.00006070%	0.00639608%	
OPEB Expense	(224,485)	(946,607)	(\$1,171,092)

At June 30 2023, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b><u>Deferred Outflows of Resources</u></b>			
Differences between expected and actual experience	\$28,413	\$80,425	\$108,838
Changes of assumptions	537,599	236,311	773,910
Net difference between projected and actual earnings on OPEB plan investments	17,566	96,572	114,138
Changes in employer proportionate share of net OPEB liability	338,316	63,169	401,485
Contributions subsequent to the measurement date	173,555	0	173,555
<b>Total Deferred Outflows of Resources</b>	<b>\$1,095,449</b>	<b>\$476,477</b>	<b>\$1,571,926</b>
<b><u>Deferred Inflows of Resources</u></b>			
Differences between expected and actual experience	\$2,161,963	\$833,161	\$2,995,124
Changes of assumptions	1,387,429	3,933,848	5,321,277
Changes in employer proportionate share of net OPEB liability	90,282	5,266	95,548
<b>Total Deferred Inflows of Resources</b>	<b>\$3,639,674</b>	<b>\$4,772,275</b>	<b>\$8,411,949</b>

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\$173,555 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. 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
2024	(616,249)	(1,219,288)	(\$1,835,537)
2025	(603,268)	(1,252,091)	(1,855,359)
2026	(537,940)	(593,452)	(1,131,392)
2027	(337,497)	(248,223)	(585,720)
2028	(226,073)	(324,654)	(550,727)
Thereafter	(396,753)	(658,090)	(1,054,843)
Total	<u>(\$2,717,780)</u>	<u>(\$4,295,798)</u>	<u>(\$7,013,578)</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.

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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2042
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		
Medicare	5.125% to 4.40%	5.125% to 4.40%
Pre-Medicare	6.75% to 4.40%	6.75% to 4.40%
Medical Trend Assumption	7.00% to 4.40%	7.00% to 4.40%

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% 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% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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 in 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 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return

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for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27%. 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% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 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 is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and**

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**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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). 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 (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	\$4,197,752	\$3,379,792	\$2,719,475
	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%)
Proportionate share of the net OPEB liability	\$2,606,426	\$3,379,792	\$4,389,932

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 12.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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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.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

\* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.

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

### **Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Sensitivity of the 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, 2022, calculated using the current period discount rate assumption of 7.00%, 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%) or one percentage point higher (8.00%) 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%)
Proportionate share of the net OPEB (asset)	(\$5,128,686)	(\$5,547,682)	(\$5,906,588)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$5,754,296)	(\$5,547,682)	(\$5,286,883)

**Changes Between the Measurement Date and the Reporting Date**

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.



**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Note 11 - Long Term Obligations**

The changes in the School District's long-term obligations during the fiscal year consisted of the following:

	Interest Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due in One Year
Governmental Activities:						
<u>Bonds Payable:</u>						
2007 School Improvement Refunding Bonds	2.00-2.75%	\$32,510,000	\$0	\$530,000	\$31,980,000	\$1,885,000
Premium		2,675,737	0	243,248	2,432,489	0
2015 Refunding Bonds	.50-3.10%					
Current Interest		2,740,000	0	2,090,000	650,000	650,000
Premium		184,270	0	122,847	61,423	0
2018 Turf Field		218,790	0	36,230	182,560	37,730
2015 HB264 COP Bonds	2.00-4.00%	3,540,000	0	220,000	3,320,000	225,000
Premium	2.00-4.00%	70,527	0	5,642	64,885	0
Subtotal Bonds		41,939,324	0	3,247,967	38,691,357	2,797,730
Notes Payable						
2002 OASBO Pool Note		3,755,000	0	323,000	3,432,000	347,000
2004 OASBO Pool Note Athletic Fields		443,000	0	214,000	229,000	229,000
2004 OASBO Pool Note Buses		576,000	0	36,000	540,000	38,000
2002 OASBO Pool Note Buses		565,000	0	44,000	521,000	46,000
2004 OASBO Pool Note MVH		2,104,000	0	183,000	1,921,000	197,000
2016 CC Modular Note		76,852	0	54,822	22,030	22,030
2018 Bus Note		243,522	0	119,257	124,265	124,265
2018 Musco Lighting Project		39,211	0	39,211	0	0
2018 Modular Note		374,064	0	87,855	286,209	91,526
Compensated Absences		1,800,144	21,211	439,667	1,381,688	162,512
Subtotal Bonds and Other Amounts		51,916,117	21,211	4,788,779	47,148,549	4,055,063
Net Pension Liability		35,152,363	25,228,189	0	60,380,552	0
Net OPEB Liability		4,557,050	0	1,177,258	3,379,792	0
Total Long-Term Obligations		<u>\$91,625,530</u>	<u>\$25,249,400</u>	<u>\$5,966,037</u>	<u>\$110,908,893</u>	<u>\$4,055,063</u>

Springboro School Improvement General Obligation Bonds – In March 2007, Springboro Community City School District issued \$46,020,000 in General Obligation Refunding Bonds to partially refund part of the School District's outstanding debt. The bonds will be retired from the Bond Retirement Fund. Of the \$46,020,000, \$32,665,000 are serial bonds with interest rates ranging from 4.0-5.25% and will mature in 2030. \$2,415,000, \$5,000,000, and \$5,940,000 are term bonds with interest rates of 5.25%. The maturity of these term bonds are 2024, 2031, and 2033 respectively.

Springboro School Turf Financing Bonds – In June 2018, Springboro Community City School District issued \$371,000 in General Obligation Refunding Bonds to replace the turf of the athletic field. The bond has an interest rate of 4.110% and a maturity date of 1/1/28. Interest is paid semi-annually.

Compensated absences and payments for the Employee Severance Plan will be paid from the fund from which the person is paid, with the General Fund being the most significant. Notes payable obligations are being paid from the General Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefiting from their service.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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In prior years, the School District defeased School Improvement General Obligation Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements.

The School District has nine note payable agreements as of fiscal year end with interest rates ranging from 2.00-5.25% and final maturity ranging from 2023-2034. The notes are for buses, athletic fields, modular buildings, lighting projects, an athletic stadium, and a healthcare complex. The debt is being paid from the General Fund.

Principal and interest requirements to retire the bonds outstanding and notes payable outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$2,796,970	\$1,765,639	\$4,562,609	\$1,094,822	\$339,757	\$1,434,579
2025	3,719,622	1,607,132	5,326,754	738,351	291,896	1,030,247
2026	4,251,222	1,402,246	5,653,468	794,331	253,094	1,047,425
2027	4,837,883	1,166,999	6,004,882	750,000	213,279	963,279
2028	5,471,863	899,783	6,371,646	807,000	172,750	979,750
2029-2033	14,395,000	2,088,982	16,483,982	2,829,000	263,114	3,092,114
2034-2035	660,000	23,903	683,903	62,000	1,762	63,762
Total	<u>\$36,132,560</u>	<u>\$8,954,684</u>	<u>\$45,087,244</u>	<u>\$7,075,504</u>	<u>\$1,535,652</u>	<u>\$8,611,156</u>

**Note 12 – Lease – Lessor Disclosure**

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The School District (the "lessor") entered into an agreement to lease certain space, in the building at 1629 S. Main Street, Springboro, Ohio 45066 to Miami Valley Hospital. The lease was effective June 21, 2007 through December 1, 2030. Annual payments range between \$641,000 and \$874,000. Miami Valley Hospital makes payments for use of the building according to the amortization schedule.

**Note 13 – Set-Aside Calculations And Fund Reserves**

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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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years. As of fiscal year ended June 30, 2003, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The following information describes the change in the year-end set-aside amounts for capital acquisition and budget stabilization reserve. Disclosure of this information is required by State statute.

	Capital Maintenance Reserve
Set Aside Reserve Balance as of July 1, 2022	\$0
Current Year Set Aside Requirements	1,286,944
Qualified Disbursements	(1,485,743)
Qualifying Expenditures	0
Total	(\$198,799)
Set Aside Reserve Cash Balance as of June 30, 2023	\$0

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Maintenance Reserve. The carryover amount in the Capital Maintenance Reserve is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$54,101,629 at June 30, 2023.

**Note 14 - Jointly Governed Organizations**

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*Southwestern Ohio Computer Association-* The School District is a participant in the Southwestern Ohio Computer Association (SWOCA) which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Warren, Butler, and Preble Counties and Loveland City Schools. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of SWOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from the Executive Director, at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

*Warren County Career Center-* The Warren County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from the participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, the Warren County Career Center is not part of the School District and its operations are not included as part of the reporting entity. The School District gave no financial contributions during the fiscal year. Financial information can be obtained from the Treasurer, at 3525 SR48 North, Lebanon, Ohio 45036.

*Southwestern Ohio Educational Purchasing Council -* The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The Montgomery County Educational Service Center acts as the fiscal agent for the group. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Note 15 – Contingencies**

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***Grants***

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

***Litigation***

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

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**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

**Note 16 – Fund Balances**

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

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>				
Prepays	\$43,530	\$0	\$776	\$44,306
Lease Receivable	742,842	0	0	742,842
<b>Total Nonspendable</b>	<b>786,372</b>	<b>0</b>	<b>776</b>	<b>787,148</b>
<b>Restricted for:</b>				
Special	\$0	\$0	\$614,430	\$614,430
District-Wide Student Activity Support	0	0	374,297	374,297
Food Service	0	0	2,074,929	2,074,929
District Wide Student Activity Support	0	0	201,505	201,505
Permanent Improvement	0	0	792,577	792,577
Building	0	0	74,194	74,194
Debt Services Payments	0	7,687,314	0	7,687,314
<b>Total Restricted</b>	<b>0</b>	<b>7,687,314</b>	<b>4,131,932</b>	<b>11,819,246</b>
<b>Assigned to:</b>				
Encumbrances	59,908	0	0	59,908
Budgetary Resource	2,094,551	0	0	2,094,551
Public Schools	433,908	0	0	433,908
<b>Total Assigned</b>	<b>2,588,367</b>	<b>0</b>	<b>0</b>	<b>2,588,367</b>
<b>Unassigned (Deficit)</b>	<b>10,364,418</b>	<b>0</b>	<b>0</b>	<b>10,364,418</b>
<b>Total Fund Balance</b>	<b>\$13,739,157</b>	<b>\$7,687,314</b>	<b>\$4,132,708</b>	<b>\$25,559,179</b>

**Note 17 –Tax Abatements Entered Into By Other Governments**

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the City of Springboro has entered into such an agreement. Under this agreement the District's property taxes were reduced by approximately \$71,519. The District is receiving \$71,753 from this other government in association with the forgone property tax revenue.

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 18 – Implementation of New Accounting Principles**

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**New Accounting Principles**

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs); and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to

**Springboro Community City School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the School District.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the School District.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Liability  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years (1)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.23576840%	\$12,752,189	\$8,807,286	144.79%	75.82%
2022	0.23243530%	8,576,189	8,023,071	106.89%	82.86%
2021	0.22552630%	14,916,785	7,906,457	188.67%	68.55%
2020	0.22838260%	13,664,531	7,834,815	174.41%	70.85%
2019	0.22138910%	12,679,364	7,425,178	170.76%	71.36%
2018	0.22415780%	13,392,933	7,215,093	185.62%	69.50%
2017	0.22555390%	16,508,464	7,004,864	235.67%	62.98%
2016	0.21653480%	12,355,686	7,754,112	159.34%	69.16%
2015	0.21232800%	10,745,799	6,232,150	172.43%	71.70%
2014	0.21232800%	10,902,697	5,463,557	199.55%	65.52%

(1) Amounts presented as of the District's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Contributions for Net Pension Liability  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$1,281,611	(\$1,281,611)	\$0	\$9,154,364	14.00%
2022	1,233,020	(1,233,020)	0	8,807,286	14.00%
2021	1,123,230	(1,123,230)	0	8,023,071	14.00%
2020	1,106,904	(1,106,904)	0	7,906,457	14.00%
2019	1,057,700	(1,057,700)	0	7,834,815	13.50%
2018	1,002,399	(1,002,399)	0	7,425,178	13.50%
2017	1,010,113	(1,010,113)	0	7,215,093	14.00%
2016	980,681	(980,681)	0	7,004,864	14.00%
2015	1,021,992	(1,021,992)	0	7,754,112	13.18%
2014	863,776	(863,776)	0	6,232,150	13.86%

See accompanying notes to the required supplementary information

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net Pension Liability  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years (1)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.21425143%	\$47,628,364	\$28,716,071	165.86%	78.88%
2022	0.20785535%	26,576,174	25,646,571	103.62%	87.78%
2021	0.20452879%	49,488,690	24,706,543	200.31%	75.48%
2020	0.20479750%	45,289,736	24,749,143	183.00%	77.40%
2019	0.20247451%	44,519,598	23,327,314	190.85%	77.30%
2018	0.20222854%	48,039,824	21,973,457	218.63%	75.30%
2017	0.19540120%	65,406,672	21,046,371	310.77%	66.80%
2016	0.19518831%	53,944,340	19,667,393	274.28%	72.10%
2015	0.18943521%	46,077,199	20,843,892	221.06%	74.70%
2014	0.18943521%	54,739,043	19,589,763	279.43%	69.30%

(1) Amounts presented as of the District's measurement date which is the prior fiscal year end

See accompanying notes to the required supplementary information

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Contributions for Net Pension Liability  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$3,874,320	(\$3,874,320)	\$0	\$27,673,714	14.00%
2022	4,020,250	(4,020,250)	0	28,716,071	14.00%
2021	3,590,520	(3,590,520)	0	25,646,571	14.00%
2020	3,458,916	(3,458,916)	0	24,706,543	14.00%
2019	3,464,880	(3,464,880)	0	24,749,143	14.00%
2018	3,265,824	(3,265,824)	0	23,327,314	14.00%
2017	3,076,284	(3,076,284)	0	21,973,457	14.00%
2016	2,946,492	(2,946,492)	0	21,046,371	14.00%
2015	2,753,436	(2,753,436)	0	19,667,400	14.00%
2014	2,709,706	(2,709,706)	0	20,843,892	13.00%

See accompanying notes to the required supplementary information

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net OPEB Liability  
School Employees Retirement System of Ohio  
Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.24072410%	\$3,379,792	\$8,807,286	38.37%	30.34%
2022	0.24078480%	4,557,050	8,023,071	56.80%	24.08%
2021	0.22877210%	4,971,966	7,906,457	62.88%	18.17%
2020	0.23321330%	5,864,824	7,834,815	74.86%	15.57%
2019	0.22483230%	6,237,455	7,425,178	84.00%	13.57%
2018	0.22753030%	6,106,315	7,215,093	84.63%	12.46%
2017	0.22820740%	6,504,755	7,004,864	92.86%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Contributions for Net OPEB Liability  
School Employees Retirement System of Ohio  
Last Eight Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$173,555	(\$173,555)	\$0	\$9,154,364	1.90%
2022	155,410	(155,410)	0	8,807,286	1.60%
2021	159,824	(159,824)	0	8,023,071	1.99%
2020	122,108	(122,108)	0	7,906,457	1.54%
2019	177,612	(177,612)	0	7,834,815	2.27%
2018	159,625	(159,625)	0	7,425,178	2.15%
2017	198,537	(198,537)	0	7,215,093	2.75%
2016	13,897	(13,897)	0	7,004,864	0.20%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
State Teachers Retirement System of Ohio  
Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2023	0.21425143%	(\$5,547,682)	\$28,716,071	(19.32%)	230.73%
2022	0.20785535%	(4,382,460)	25,646,571	(17.09%)	174.73%
2021	0.20452879%	(3,594,592)	23,504,657	(15.29%)	182.13%
2020	0.20479750%	(3,391,937)	24,749,143	(13.71%)	174.74%
2019	0.20247451%	(3,253,558)	23,327,314	(13.95%)	176.00%
2018	0.20222854%	7,890,211	21,973,457	35.91%	47.10%
2017	0.19540120%	10,450,107	21,046,371	49.65%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Springboro Community City School District  
Required Supplementary Information  
Schedule of the District's Contributions for Net OPEB (Asset)/Liability  
State Teachers Retirement System of Ohio  
Last Eight Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$0	\$0	\$0	\$27,673,714	0.00%
2022	0	0	0	28,716,071	0.00%
2021	0	0	0	25,646,571	0.00%
2020	0	0	0	24,706,543	0.00%
2019	0	0	0	24,749,143	0.00%
2018	0	0	0	23,327,314	0.00%
2017	0	0	0	21,973,457	0.00%
2016	0	0	0	21,046,371	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information



Springboro Community City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$39,057,533	\$39,787,732	\$39,796,634	\$8,902
Tuition and Fees	1,138,149	1,159,428	1,159,687	259
Investment Earnings	88,492	90,147	90,167	20
Intergovernmental	20,297,098	20,676,562	20,681,188	4,626
Extracurricular Activities	357,829	364,518	364,600	82
Other Revenues	143,019	145,692	145,725	33
Total Revenues	61,082,120	62,224,079	62,238,001	13,922
Expenditures:				
Current:				
Instruction:				
Regular	27,548,955	27,841,867	27,073,736	768,131
Special	9,877,884	9,982,910	9,707,491	275,419
Other	63,509	64,184	62,413	1,771
Support Services:				
Pupil	4,549,418	4,597,790	4,470,941	126,849
Instructional Staff	2,328,352	2,353,108	2,288,188	64,920
General Administration	174,011	175,861	171,009	4,852
School Administration	3,649,980	3,688,788	3,587,018	101,770
Fiscal	1,478,547	1,494,267	1,453,042	41,225
Business	412,316	416,700	405,204	11,496
Operations and Maintenance	4,538,431	4,586,685	4,460,143	126,542
Pupil Transportation	4,786,396	4,837,287	4,703,831	133,456
Central	518,089	523,598	509,152	14,446
Operation of Non-Instructional Services	7,190	7,266	7,066	200
Extracurricular Activities	1,035,203	1,046,210	1,017,346	28,864
Capital Outlay	251,109	253,779	246,777	7,002
Debt Service:				
Principal Retirement	305,264	308,509	299,998	8,511
Interest and Fiscal Charges	196,339	198,426	192,952	5,474
Total Expenditures	61,720,993	62,377,235	60,656,307	1,720,928
Excess of Revenues Over (Under) Expenditures	(638,873)	(153,156)	1,581,694	1,734,850
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	2,147	2,188	2,188	0
Total Other Financing Sources (Uses)	2,147	2,188	2,188	0
Net Change in Fund Balance	(636,726)	(150,968)	1,583,882	1,734,850
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	12,137,145	12,137,145	12,137,145	0
Fund Balance - End of Year	\$11,500,419	\$11,986,177	\$13,721,027	\$1,734,850

See accompanying notes to the required supplementary information.

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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**Note 1 – Budgetary Process**

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All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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 budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2023.

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

While the 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 Combined Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) 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 as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund.

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$745,791
Revenue Accruals	(159,050)
Expenditure Accruals	1,075,009
Proceeds of Capital Assets	2,188
Encumbrances	<u>(80,056)</u>
Budget Basis	<u>\$1,583,882</u>

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
  - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
  - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
  - a. Projected forward generationally using mortality improvement scale MP-2020

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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calculating the total OPEB liability as presented below:

- (1) Discount Rate:
  - Prior Measurement Date 2.63%
  - Measurement Date 2.27%
- (2) Investment Rate of Return:
  - Prior Measurement Date 7.50%
  - Measurement Date 7.00%
- (3) Assumed Rate of Inflation:
  - Prior Measurement Date 3.00%
  - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
  - Prior Measurement Date 3.50%
  - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
  - Prior Measurement Date 0.50%
  - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
  - Prior Measurement Date 2.45%
  - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 2.63%
  - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
  - a. 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% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
  - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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Prior Measurement Date	3.22%
Measurement Date	2.63%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.13%
Measurement Date	2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.70%
Measurement Date	3.22%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%

**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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Fiscal Year 2017                      2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was



**Springboro Community City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% 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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**Changes in Assumptions:**

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26% to 4.13% 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% to 7.45%. 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
WARREN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Assistance Listing Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	3L60	10.555	\$151,491
Cash Assistance:			
National School Lunch Program	3L60	10.555	495,300
COVID-19 National School Lunch Program	3L60	10.555	141,055
Total National School Lunch Program			636,355
Total Child Nutrition Cluster			787,846
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	3HF0	10.649	628
Total U.S. Department of Agriculture			788,474
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed Through Ohio Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	3M20	84.027	1,224,797
COVID-19 Special Education-Grants to States	3IA0	84.027X	177,941
Special Education-Preschool Grants	3C50	84.173	29,079
COVID-19 Special Education-Preschool Grants	3IA0	84.173X	17,549
Total Special Education Cluster			1,449,366
COVID-19 Elementary and Secondary School Emergency Relief Fund	3HS0	84.425D	1,841,308
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	3HS0	84.425U	497,204
Total Education Stabilization Fund			2,338,512
Title I Grants to Local Educational Agencies	3M00	84.010	110,745
Supporting Effective Instruction State Grants	3Y60	84.367	266,160
Student Support and Academic Enrichment Program	3H10	84.424	9,851
Total U.S. Department of Education			4,174,634
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
Passed Through Ohio Facilities Construction Commission:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	5CV3	21.027	167,155
Total U.S. Department of the Treasury			167,155
Total Expenditures of Federal Awards			\$5,130,263

See accompanying notes to the schedule of expenditures of federal awards.

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
WARREN COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Springboro Community City School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

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

Board of Education  
Springboro Community City School District

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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Springboro Community City School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2023.

**Report on Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.

Cincinnati, Ohio

December 18, 2023

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

Board of Education  
Springboro Community City School District

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

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

We have audited the Springboro Community City School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## **Report on Internal Control over Compliance**

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

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

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

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
December 18, 2023



**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted?

No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

No

Identification of major federal programs:

Education Stabilization Fund ALN 84.425D and 84.425U  
Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B Programs

\$750,000

Auditee qualified as low-risk auditee?

Yes

**Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

Summary of Prior Audit Findings:

None Noted.

# OHIO AUDITOR OF STATE KEITH FABER



**SPRINGBORO COMMUNITY CITY SCHOOL DISTRICT**

**WARREN 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 1/23/2024**

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

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