TRIWAY LOCAL SCHOOL DISTRICT WAYNE COUNTY, OHIO

Cash Basis Financial Statements

For the Fiscal Year Ended June 30, 2023

Julian & Grube
Serving Ohio Local Governments

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

CASH BASIS FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

TABLE OF CONTENTS

Julian & Grube

333 County Line Road, West
Westerville, OH 43082
614-846-1899

jginc.biz

Accountant's Compilation Report

To the Triway Local School District Board of Education
Wooster, Ohio

Management is responsible for the accompanying basic financial statements of the Triway Local School District, which comprise the statements listed in the table of contents as of June 30, 2023, and for the year then ended, and the related notes to the financial statements in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on the financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is an accounting basis other than accounting principles generally accepted in the United States of America.

Julian & Grube, Inc.

Westerville, Ohio
August 10th, 2023

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

STATEMENT OF NET POSITION - MODIFIED-CASH BASIS
JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 11,196,788
Investments	60,728,105
Restricted investments	1,586,608
Total assets	73,511,501
Net cash position:	
Restricted for:	
Capital projects	67,588,370
Classroom facilities maintenance	263,527
Debt service	1,586,608
Food service operations	274,047
Student activities	221,351
Other purposes	35
Unrestricted	3,577,563
Total net cash position	$ 73,511,501

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

STATEMENT OF ACTIVITIES - MODIFIED-CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

		Program Receipts			Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position
	Cash Disbursements	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction:					
Regular	$ 9,285,045	$ 286,356	$ 661,620	$ 7,200	$ (8,329,869)
Special	3,469,987	206,416	1,367,100	-	(1,896,471)
Vocational	494,539	-	44,574	-	(449,965)
Other	298,260	-	-	-	(298,260)
Support services:					
Pupil	1,722,430	2,347	464,494	-	(1,255,589)
Instructional staff	1,188,778	8,749	11,930	-	(1,168,099)
Board of education	71,794	-	-	-	(71,794)
Administration	1,569,686	-	-	-	(1,569,686)
Fiscal	679,300	-	-	-	(679,300)
Operations and maintenance	1,894,104	316	57,063	-	(1,836,725)
Pupil transportation	1,212,343	-	62,733	-	(1,149,610)
Operation of non-instructional services:		-			
Food service operations	651,926	238,394	423,863	-	10,331
Other non-instructional services	266,580	-	61,588	-	(204,992)
Extracurricular activities	821,008	341,246	13,395	-	(466,367)
Facilities acquisition and construction	16,636,066	-	-	4,536,825	(12,099,241)
Debt service:					
Principal retirement	2,831,148	-	-	-	(2,831,148)
Interest and fiscal charges	532,984	-	-	-	(532,984)
Issuance costs	2,141,117	-	-	-	(2,141,117)
Total governmental activities	$ 45,767,095	$ 1,083,824	$ 3,168,360	$ 4,544,025	(36,970,886)

General cash receipts:	
Property taxes levied for:	
General purposes	10,133,560
Capital outlay	512,871
Classroom facilities maintenance	263,527
Income taxes levied for:	
General purposes	176,368
Capital outlay	3,197,585
Grants and entitlements not restricted to specific programs	7,821,082
Grants and entitlements restricted for Ohio School Facilities Commission	8,519,692
Investment earnings	1,113,825
Issuance of certifications of participation	17,000,000
Premium on certifications of participation	501,723
Total general cash receipts	49,240,233
Change in net cash position	12,269,347
Net cash position at beginning of year	61,242,154
Net cash position at end of year	$ 73,511,501

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED-CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash					
and cash equivalents	$ 3,577,563	$ -	$ 3,945,115	$ 3,674,110	$ 11,196,788
Investments	-	27,330,464	33,397,641	-	60,728,105
Restricted investments	-	-	-	1,586,608	1,586,608
Total assets	$ 3,577,563	$ 27,330,464	$ 37,342,756	$ 5,260,718	$ 73,511,501
Fund cash balances:					
Restricted:					
Debt service	$ -	$ -	$ -	$ 1,586,608	$ 1,586,608
Capital improvements	-	27,330,464	37,342,756	2,915,150	67,588,370
Classroom facilities maintenance	-	-	-	263,527	263,527
Food service operations	-	-	-	274,047	274,047
Extracurricular	-	-	-	221,351	221,351
Other purposes	-	-	-	35	35
Assigned:					
Student instruction	203	-	-	-	203
Student and staff support	63,963	-	-	-	63,963
Unassigned	3,513,397	-	-	-	3,513,397
Total fund cash balances	$ 3,577,563	$ 27,330,464	$ 37,342,756	$ 5,260,718	$ 73,511,501

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED-CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Building	Classroom Facilities	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:					
Property taxes	$ 10,133,560	$ -	$ -	$ 776,398	$ 10,909,958
Income taxes	176,368	-	-	3,197,585	3,373,953
Intergovernmental	8,455,927	-	8,519,692	2,487,658	19,463,277
Investment earnings	52,785	416,092	609,290	35,658	1,113,825
Tuition and fees	324,991	-	-	10,200	335,191
Extracurricular	-	-	-	349,122	349,122
Charges for services	-	-	-	238,710	238,710
Contributions and donations	-	4,536,825	-	17,076	4,553,901
Miscellaneous	196,782	-	-	-	196,782
Total cash receipts	19,340,413	4,952,917	9,128,982	7,112,407	40,534,719
Cash disbursements:					
Current:					
Instruction:					
Regular	8,490,132	-	-	794,913	9,285,045
Special	2,518,478	-	-	951,509	3,469,987
Vocational	494,539	-	-	-	494,539
Other	298,260	-	-	-	298,260
Support services:					
Pupil	1,369,232	-	-	353,198	1,722,430
Instructional staff	855,708	-	-	333,070	1,188,778
Board of education	71,794	-	-	-	71,794
Administration	1,569,686	-	-	-	1,569,686
Fiscal	454,196	-	-	225,104	679,300
Operations and maintenance	1,781,787	-	-	112,317	1,894,104
Pupil transportation	1,212,343	-	-	-	1,212,343
Operation of non-instructional services:					
Food service operations	-	-	-	651,926	651,926
Other non-instructional services	178,151	-	-	88,429	266,580
Extracurricular activities	495,582	-	-	325,426	821,008
Facilities acquisition and construction	-	2,523,366	13,954,361	158,339	16,636,066
Debt service:					
Principal retirement	-	-	-	2,831,148	2,831,148
Interest and fiscal charges	-	-	-	532,984	532,984
Issuance costs	-	-	-	2,141,117	2,141,117
Total cash disbursements	19,789,888	2,523,366	13,954,361	9,499,480	45,767,095
Excess (deficiency) of cash receipts over (under) cash disbursements	(449,475)	2,429,551	(4,825,379)	(2,387,073)	(5,232,376)
Other financing sources:					
Premium on certifications of participation	-	-	-	501,723	501,723
Issuance of certifications of participation	-	17,000,000	-	-	17,000,000
Total other financing sources	-	17,000,000	-	501,723	17,501,723
Net change in fund cash balances	(449,475)	19,429,551	(4,825,379)	(1,885,350)	12,269,347
Fund cash balances at beginning of year	4,027,038	7,900,913	42,168,135	7,146,068	61,242,154
Fund cash balances at end of year	$ 3,577,563	$ 27,330,464	$ 37,342,756	$ 5,260,718	$ 73,511,501

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TRIWAY LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Budgetary basis receipts:				
Property taxes	$ 10,451,094	$ 10,706,000	$ 10,133,561	$ (572,439)
Income taxes	48,810	50,000	176,368	126,368
Intergovernmental	8,287,857	8,490,000	8,455,926	(34,074)
Investment earnings	3,905	4,000	52,785	48,785
Tuition and fees	240,143	246,000	324,990	78,990
Miscellaneous	48,810	50,000	160,801	110,801
Total budgetary basis receipts	19,080,619	19,546,000	19,304,431	(241,569)
Budgetary basis disbursements:				
Current:				
Instruction:				
Regular	10,065,356	10,065,356	8,472,904	1,592,452
Special	2,712,616	2,712,615	2,518,478	194,137
Vocational	629,245	629,245	494,539	134,706
Other	270,673	270,673	298,260	(27,587)
Support services:				
Pupil	1,103,010	1,103,011	1,369,593	(266,582)
Instructional staff	866,468	866,468	855,919	10,549
Board of education	58,838	58,838	71,794	(12,956)
Administration	1,885,084	1,885,084	1,569,686	315,398
Fiscal	608,755	608,755	454,196	154,559
Operations and maintenance	1,752,005	1,752,005	1,782,088	(30,083)
Pupil transportation	1,311,322	1,311,322	1,212,843	98,479
Operation of non-instructional services:				
Other non-instructional services	123,187	123,187	178,151	(54,964)
Extracurricular activities	613,441	613,441	495,582	117,859
Total budgetary basis disbursements	22,000,000	22,000,000	19,774,033	2,225,967
Excess of budgetary basis disbursements over budgetary basis receipts	(2,919,381)	(2,454,000)	(469,602)	1,984,398
Other financing sources:				
Refund of prior year's disbursements	1,000	1,000	-	(1,000)
Total other financing sources	1,000	1,000	-	(1,000)
Net change in fund cash balance	(2,918,381)	(2,453,000)	(469,602)	1,983,398
Fund cash balance at beginning of year	3,982,844	3,982,844	3,982,844	-
Prior year encumbrances appropriated	155	155	155	-
Fund cash balance at end of year	$ 1,064,618	$ 1,529,999	$ 3,513,397	$ 1,983,398

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Triway Local School District (the "District") is located in Wayne and Holmes Counties. The District includes all of the Village of Shreve and portions of Prairie, Clinton, Franklin, Wooster and Plain Townships. The District also includes a portion of the City of Wooster. The District serves an area of approximately 95 square miles.

The District was organized in 1960, in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates two elementary schools, one junior high school, and one comprehensive high school. The District employs 69 non-certified and 132 certified full-time and part-time employees to provide services to approximately 1,509 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.D, these financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationships to the District:

JOINTLY GOVERNED ORGANIZATIONS

Tri-County Computer Services Association
The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 21 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based on per pupil charge dependent upon the software package utilized.

The TCCSA assembly consists of a superintendent or designated representative from each participating district. TCCSA is governed by a seven-member Executive Committee chosen from the general membership of the TCCSA assembly.

Financial information can be obtained by contacting the Executive Director at TCCSA located at 2125 Eagle Pass, Wooster, Ohio 44691. During the year ended June 30, 2023, the District paid approximately $290,876 to TCCSA.

GROUP PURCHASING POOLS

Jefferson Health Plan

On September 1, 2014, the District joined with several other school districts in an insurance purchasing pool to operate the Jefferson Health Plan. The Jefferson Health Plan is governed by a Board of Directors consisting of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board. Risk are carried by the Jefferson Health Plan and coinsurance through commercial companies are required for claims in excess of $75,000.

Each District decides which benefit programs offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to the acceptance by the Board of Directors and payment of monthly premiums. Financial information can be obtained from Medical Mutual, P.O. Box 943, Toledo, Ohio 43656.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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.

The following are the District's major governmental funds:

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Building fund - A fund used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom Facilities fund - A fund provided to account for monies received and expended in connection with contracts entered into by the school district and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

Other governmental funds of the District are used to account for (a) specific revenue sources that are restricted or committed to disbursements for specified purposes other than debt service or capital projects, (b) financial resources that are restricted, committed, or assigned to disbursements for principal and interest and (c) financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition of construction of capital facilities and other capital assets.

C. Basis of Presentation

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

The government-wide statement of activities - cash basis presents a comparison between direct disbursements and program receipts for each function or program of the governmental activities of the District. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts not classified as program receipts are presented as general receipts of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column.

D. Basis of Accounting

Although required by Ohio Administrative Code §117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the District chooses to prepare its financial statements and notes in accordance with the modified-cash basis of accounting, which is a financial reporting framework other than accounting principles generally accepted in the United States of America. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. As a result of the use of the cash basis of accounting, certain assets and deferred outflows of resources, liabilities and deferred inflows of resources, and the effects of these items on revenues and expenses are not recorded in these financial statements.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The differences between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the cash basis of accounting.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

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

All funds are legally required to be budgeted and appropriated. The legal level of budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget
A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following fiscal year.

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

Appropriations
Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying a new certificate is not necessary, the annual Appropriation Resolution Report must be legally enacted by the Board of Education at the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the fiscal year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as restricted or assigned fund balance for subsequent-year disbursements for governmental funds.

Lapsing of Appropriations

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

F. Cash and Investments

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

During fiscal year 2023, the District invested in STAR Ohio, commercial paper, federal agency securities, U.S. Treasury notes, negotiable certificates of deposits, municipal issuances, and government obligations. Investments are reported at cost.

The District invested in STAR Ohio. 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.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2023 amounted to $52,785, which included $26,806 assigned from other funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Inventory and Prepaid Items

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

H. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded on these capital assets.

I. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

J. Long-Term Obligations

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

K. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grants are received.

L. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for post-employment health care benefits.

M. Leases

The District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

N. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds is eliminated on the statement of net position - cash basis and the statement of activities - cash basis.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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. The District reported no committed fund balance at June 30, 2023.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor 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 District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

P. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had restricted assets for payment of interest on the certificates of participation at June 30, 2023.

T. Subscription Based Information Technology Arrangements (SBITAs)

The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the District has implemented 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*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and 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. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE- (Continued)

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 notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Compliance

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

2. Bonds, notes, debentures, or any other obligations or securities 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the 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. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was $11,196,503 and the bank balance of all District deposits was $13,859,403. Of the bank balance, $522,732 was covered by the FDIC and $13,336,671 was potentially exposed to custodial credit risk discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2023, certain District financial institutions holding minor deposits did not participate in the OPCS while other major depositories did participate in the OPCS. The financial institutions that are not participating in OPCS are completely covered by FDIC and not exposed to custodial credit risk. Those financial institutions that did participate were approved for a reduced collateral rate of 102 percent through the OPCS.

B. Investments

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

		Investment Maturities		
Investment type	Cost	6 months or less	7 to 12 months	13 to 18 months
STAR Ohio	$ 280	$ 280	$ -	$ -
Commercial paper	24,859,824	18,462,587	6,397,237	-
U.S. Treasury Notes	3,618,676	3,618,676		
FHLMC	250,000	-	250,000	-
FNMA	1,000,420	1,000,420	-	-
FFCB	4,492,429	3,499,569	497,673	495,187
FHLB	13,914,980	4,831,157	3,991,229	5,092,594
U.S. Treasury Notes	7,887,952	5,561,862	1,833,395	492,695
Negotiable CDs	4,219,600	2,239,706	743,258	1,236,636
Taxable Municipal Issues	522,615	522,615	-	-
Nontaxable Municipal Issues	507,285	507,285	-	-
Government Obligations	1,040,937	1,040,937	-	-
Total	$ 62,314,998	$ 41,285,094	$ 13,712,792	$ 7,317,112

The weighted average maturity of investments is 0.43 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment matures within five years from the date of purchase, unless matched to a specific obligation or debt of the District and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Government obligations carry a rating of AAAm by Standard & Poor's. The District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated A-1+ or A-1 by Standard & Poor's and P-1 by Moody's Investor Services. The taxable municipal issues were rated AAA or A+ by Standard & Poor's. The nontaxable municipal issues were rated Aa2 by Moody's Investor Services or AA- by Fitch Ratings. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable CDs are covered by FDIC. The federal agency securities, commercial paper, U.S. Treasury notes and municipal issues are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The 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.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

Investment type	Cost	% of Total
STAR Ohio	$ 280	0.05%
Commercial paper	28,478,500	46.89%
FHLMC	250,000	0.41%
FNMA	1,000,420	1.65%
FFCB	4,492,429	7.40%
FHLB	13,914,980	22.91%
U.S. Treasury Notes	6,307,654	10.39%
Negotiable CDs	4,219,600	6.95%
Taxable Municipal Issues	522,615	0.86%
Nontaxable Municipal Issues	507,285	0.84%
Government Obligations	1,040,937	1.71%
Total	$ 60,734,700	100%

C. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

Cash and investments per note	
Carrying amount of deposits	$ 11,196,503
Investments	62,314,998
Total	$ 73,511,501

Cash and investments per statement of net position	
Governmental activities	$ 73,511,501
Total	$ 73,511,501

NOTE 5 - INCOME TAXES

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The .75 percent portion of the tax was effective on January 1, 2013. This tax expired on December 31, 2020. The District levies a voted tax of 1.00 percent for permanent improvements on the income of residents and of estates. The 1.00 percent portion of the tax was effective on January 1, 2020. This tax expires December 31, 2045. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue received in the general fund and the permanent improvement fund, a nonmajor governmental fund, during fiscal year 2023 was $176,368 and $3,197,585, respectively.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wayne and Holmes County. The County Auditors periodically advance to the 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 322,731,330	67.50	$ 323,293,420	67.89
Public utility personal	155,374,570	32.50	152,892,220	32.11
Total	$ 478,105,900	100.00	$ 476,185,640	100.00
Tax rate per $1,000 of assessed valuation	$47.00		$47.00	

NOTE 7 - DEBT

The table that follows summarizes the changes in the District's long-term obligations during fiscal year 2023.

	Balance 06/30/22	Additions	Reductions	Balance 06/30/23	Due Within One Year
Governmntal activities:					
Note payable - financed purchase	$ 144,005	$ -	$ (71,148)	$ 72,857	$ 72,857
2023 Certificates of participation	-	17,000,000	(100,000)	16,900,000	280,000
2022 Certificates of participation	47,350,000	-	(2,660,000)	44,690,000	2,660,000
Total governmental activities	$ 47,494,005	$ 17,000,000	$ (2,831,148)	$ 61,662,857	$ 3,012,857

2022 certificates of participation - On July 8th, 2021, the District issued $50,000,000 in certificates of participation (COPs) for the purpose of construction, renovating and improving District facilities. That include paying costs of constructing a new PreK-12 campus on real property owned by the District, appurtenances related thereto. The COPs were issued for a twenty-five-year period with final maturity in fiscal year 2046. The COPs were issued through a series of lease agreements and trust indentures in accordance with Ohio Revised Code Section 3313.375. The COPs were issued through a series of annual leases with the initial lease beginning on July 8, 2021 and expiring on June 30, 2022. The lease may be renewed for successive one-year terms each beginning on July 1 and terminating on June 30, except that the final renewal period will terminate on December 1, 2045. Renewals of the lease are subject to annual appropriations. To satisfy the trustee agreements, the District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2.375-4.000 percent. The District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The COPs will be paid from the permanent improvement fund (a nonmajor governmental fund).

2023 certificates of participation - On August 24th, 2022, the District issued $17,000,000 in certificates of participation (COPs) for the purpose of construction, renovating and improving District facilities. That include paying costs of constructing a new PreK-12 campus on real property owned by the District, appurtenances related thereto. The COPs were issued for a twenty-five-year period with final maturity in fiscal year 2046. The COPs were issued through a series of lease agreements and trust indentures in accordance with Ohio Revised Code Section 3313.375. The COPs were issued through a series of annual leases with the initial lease beginning on July 8, 2021 and expiring on June 30, 2023. The lease may be renewed for successive one-year terms each beginning on July 1 and terminating on June 30, except that the final renewal period will terminate on December 1, 2051. Renewals of the lease are subject to annual appropriations. To satisfy the trustee agreements, the District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.125-5.000 percent. The District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The COPs will be paid from the permanent improvement fund (a nonmajor governmental fund).

NOTE 7 - DEBT - (Continued)

The following is a summary of the future debt service requirements to maturity for the District's certificates of participation:

	Certificates of Participation		
Year Ended	Principal	Interest	Total
FY24	$ 2,940,000	$ 2,341,244	$ 5,281,244
FY25	2,190,000	2,258,594	4,448,594
FY26	1,510,000	2,197,194	3,707,194
FY27	1,585,000	2,138,219	3,723,219
FY28	1,650,000	2,070,194	3,720,194
FY29-FY33	9,465,000	9,217,620	18,682,620
FY34-FY38	11,815,000	6,985,945	18,800,945
FY39-FY43	14,650,000	4,272,530	18,922,530
FY44-FY48	11,935,000	1,615,228	13,550,228
FY49-FY52	3,850,000	335,749	4,185,749
	$ 61,590,000	$ 33,432,517	$ 95,022,517

Note payable - financed purchase - The District has entered into a $347,600 finance agreement to acquire buses. The agreement was entered into during fiscal year 2019 for a five-year period. The finance agreement bears an interest rate of 2.43%. For fiscal year 2023, principal and interest payments were made from the permanent improvement fund, a nonmajor governmental fund, in the amount of $71,148 and $3,513, respectively.

The following is a schedule of the future debt service requirements under the finance agreement:

Fiscal Year	Principal	Interest	Total
2024	$ 72,857	$ 1,804	$ 74,661
Total	$ 72,857	$ 1,804	$ 74,661

Legal Debt Margin - The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of $42,856,708 and an unvoted debt margin of $476,186.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related torts, theft of, damage to, and destruction of assets, errors, omissions, injuries to employees, and natural disasters. The District has a comprehensive property and casualty policy with the Ohio School Plan. The deductible is $1,000 per incident on property and $1,000 per incident on equipment. Additionally, cyber extortion and computer crimes are insured for $1,000,000. All vehicles are insured with the Ohio School Plan and have a $1,000 deductible for buses and a $500 for all other vehicles. All board members, administrators and employees are covered under a school district liability policy with Ohio School Plan. The limits of coverage are $4,000,000 per occurrence and $6,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NOTE 8 - RISK MANAGEMENT – (Continued)

The Treasurer has a $100,000 surety bond with the Cincinnati Insurance Company. The Board President and Superintendent have liability coverages through Travelers Casualty and Surety Company of America. The single loss limit is $50,000.

The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. The rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

NOTE 9 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and State agencies in the form of grants. The disbursement 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 District at June 30, 2023, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The 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 liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District's 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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; or 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Beginning April 1, 2018, 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. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% 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 14.00%. 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 $366,011 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement 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 website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $1,382,894 for fiscal year 2023.

Net Pension Liability

The net pension liability 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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.063785400%	0.073730140%	
Proportion of the net pension liability current measurement date	0.060086100%	0.074505460%	
Change in proportionate share	-0.003699300%	0.000775320%	
Proportionate share of the net pension liability	$ 3,249,924	$ 16,562,658	$ 19,812,582

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

In the prior measurement date, 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.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, 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	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 4,783,732	$ 3,249,924	$ 1,957,711

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, 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 the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% 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 the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

STRS Ohio's 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 Real 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	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were 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 Ohio's 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 the rates described previously. 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 Ohio'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 pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what 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 assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 25,020,146	$ 16,562,658	$ 9,410,241

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 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. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment 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% 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 $24,847.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $24,847 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 Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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. Nearly all health care plan enrollees, for the most recent year, 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% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability/Asset

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset 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:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.065367100%	0.073730140%	
Proportion of the net OPEB liability/asset current measurement date	0.061143500%	0.074505460%	
Change in proportionate share	-0.004223600%	0.000775320%	
Proportionate share of the net OPEB liability	$ 858,461	$ -	$ 858,461
Proportionate share of the net OPEB asset	$ -	$ (1,929,194)	$ (1,929,194)

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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, 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.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-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 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 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, 2022, 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the 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 the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,066,222	$ 858,461	$ 690,742

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 662,028	$ 858,461	$ 1,115,035

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
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%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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 Tables with 90% of rates for males and 100% 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.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - 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.

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 Real 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	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were 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 Ohio's 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 OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those 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 fund 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the 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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,783,489	$ 1,929,194	$ 2,054,003

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 2,001,044	$ 1,929,194	$ 1,838,502

NOTE 12 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The statements of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budgetary basis and the cash basis are that:

(a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances (cash basis); and,

(b) Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budgetary basis to the cash basis for the general fund is as follows:

Net Change in Fund Balance

	General
Budget basis	$ (469,602)
Funds budgeted elsewhere	18,552
Year-end encumbrances	1,575
Cash basis	$ (449,475)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the unclaimed monies fund, the public-school support fund, and the self-insurance fund.

NOTE 13 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund cash receipt amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside balance June 30, 2022	$ -
Current year set-aside requirement	334,223
Current year offsets	(334,223)
Total	-
Balance carried forward to fiscal year 2024	$ -
Set-aside balance June 30, 2023	$ -

NOTE 14 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 1,775
Other nonmajor governmental funds	233,638
Total	$ 235,413

NOTE 15 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Franklin Township, Plain Township, Wooster Township, the City of Wooster and Killbuck Township have entered into various tax abatement agreements with various companies for the abatement of property taxes to bring jobs and economic development into the area. The agreements affects the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by $71,384 during fiscal year 2023.