OHIO AUDITOR OF STATE
KEITH FABER

NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas County, Ohio (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2023, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96**,** *Subscription-Based Information Technology Arrangements*, resulting in a restatement of net position at June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Keith Faber
Keith Faber
Auditor of State
Columbus, Ohio

September 5, 2024

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It is a privilege to present to you the financial picture of the New Philadelphia City School District (the "School District"). This discussion and analysis of the School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. The financial statements of the component units are issued as separate reports and are available by contacting the Quaker Digital Academy (the "Academy") and the Quaker Preparatory Academy (the "Academy").

Financial Highlights

Key financial highlights for the 2023 fiscal year are as follows:

- The increase in net position was mainly due to the growth in revenues, despite the increase in expenses. Revenues increased primarily due to higher property taxes and grants and entitlements, while expenses increased mainly due to the increase in pension expense.

- The phase in of the new State foundation funding model increased from 16.67 percent in fiscal year 2022 to 33.33 percent in fiscal year 2023, yielding in an increase in foundation funding.

- Some of the capital asset additions for fiscal year 2023 included ongoing projects for boilers and a maintenance garage, completed projects for heating, ventilation, and air conditioning improvements and improvements to the High School and South roofs, and the purchase of several buses.

- During fiscal year 2023, the School District issued a $2,500,000 tax anticipation note for the purpose of paying current expenses of the School District during the fiscal year, and it was repaid from the general fund upon collection of current property tax revenues. The need for the tax anticipation note was due to tax advances not being available as early in the first half of calendar year 2023, due to the County's sending tax bills at a later date because the triennial update was still in process.

Using this Financial Report

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

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund is by far the most significant fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-94 of this report.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the statement of net position and the statement of activities, all of the School District's activities are classified as governmental. The School District's programs and services reported here include instruction, support services, operation of food services, operation of non-instructional services, extracurricular activities and interest.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental fund begins on page 11. Fund financial reports provide detailed information about the School District's major fund. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant fund. The School District's only major governmental fund is the general fund.

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

Proprietary Funds The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for a health, vision, dental and life insurance program, which provides medical benefits to employees. This fund uses the accrual basis of accounting.

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for fiscal year 2023 compared to 2022:

Table 1
Net Position
Governmental Activities

	2023	Restated 2022	Change
Assets			
Current and Other Assets	$24,397,489	$24,347,413	$50,076
Net OPEB Asset	3,300,492	2,785,657	514,835
Capital Assets, Net	19,589,413	15,976,452	3,612,961
Total Assets	47,287,394	43,109,522	4,177,872
Deferred Outflows of Resources			
Pension	8,401,031	8,594,094	(193,063)
OPEB	789,185	910,000	(120,815)
Total Deferred Outflows of Resources	9,190,216	9,504,094	(313,878)
Liabilities			
Current Liabilities	5,057,297	4,619,334	437,963
Long-Term Liabilities:			
Due Within One Year	348,317	307,651	40,666
Due in More Than One Year:			
Net Pension Liability	34,574,209	20,986,661	13,587,548
Net OPEB Liability	1,650,108	2,171,499	(521,391)
Other Amounts	1,838,356	1,775,565	62,791
Total Liabilities	43,468,287	29,860,710	13,607,577
Deferred Inflows of Resources			
Property Taxes	13,764,993	13,812,769	(47,776)
Leases	22,767	33,562	(10,795)
Pension	3,828,196	17,162,624	(13,334,428)
OPEB	4,746,656	4,594,435	152,221
Total Deferred Inflows of Resources	22,362,612	35,603,390	(13,240,778)
Net Position			
Net Investment in Capital Assets	18,762,496	15,315,214	3,447,282
Restricted	4,920,636	4,280,542	640,094
Unrestricted (Deficit)	(33,036,421)	(32,446,240)	(590,181)
Total Net Position	($9,353,289)	($12,850,484)	$3,497,195

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the School District has improved as evidenced by the increase in net position. Net investment in capital assets was the primary contributor to this increase mainly due to the increase in capital assets.

Total assets were higher for fiscal year 2023 primarily due to the increase in capital assets. The increase in capital assets was the result of significant additions to capital assets, including ongoing projects for boilers and the new maintenance garage, completed projects for heating, ventilation, and air conditioning improvements and improvements to the High School and South roofs, and the purchase of several buses.

Deferred outflows of resources declined from the prior fiscal year due to the decrease in deferred outflows related to pension and OPEB.

Liabilities rose significantly primarily due to the increase in the net pension liability, which represents the School District's proportionate share of the unfunded pension benefits of the SERS and STRS plans. As indicated previously, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability. Current liabilities also increased in fiscal year 2023 primarily due to unearned revenue related to grant resources received before eligibility requirements were met, as well as an increase in accrued wages and benefits payable. Amounts due within one year and other amounts due in more than one year increased primarily due to increases in the compensated absences liability and subscriptions payable.

Total deferred inflows of resources decreased significantly from the prior fiscal year. This was due to the drop in deferred inflows related to pension, primarily as a result of STRS' net difference between projected and actual earnings on pension plan investments shifting to a deferred outflow.

Overall, the net position of the School District increased due to an increase in revenues, despite a significant increase in expenses, as discussed subsequently.

Table 2 shows the changes in net position for fiscal year 2023 compared to fiscal year 2022.

Table 2
Change in Net Position
Governmental Activities

	2023	Restated 2022	Change
Revenues			
Program Revenues			
Charges for Services	$1,518,326	$1,682,977	($164,651)
Operating Grants, Contributions, and Interest	7,713,582	8,700,072	(986,490)
Capital Grants and Contributions	559,448	102,863	456,585
Total Program Revenues	9,791,356	10,485,912	(694,556)
General Revenues			
Property Taxes	17,562,189	16,801,917	760,272
Grants and Entitlements	13,603,168	12,519,484	1,083,684
Unrestricted Contributions	3,051	6,765	(3,714)
Investment Earnings/Interest	146,439	(36,031)	182,470
Gain on Sale of Capital Assets	215,131	0	215,131
Miscellaneous	195,185	137,117	58,068
Total General Revenues	31,725,163	29,429,252	2,295,911
Total Revenues	41,516,519	39,915,164	1,601,355
Program Expenses			
Instruction:			
Regular	16,511,672	14,669,259	1,842,413
Special	6,745,326	5,504,773	1,240,553
Vocational	401,877	321,376	80,501
Support Services:			
Pupil	2,291,284	1,996,150	295,134
Instructional Staff	546,197	336,692	209,505
Board of Education	148,648	123,460	25,188
Administration	3,013,735	2,567,949	445,786
Fiscal	931,090	894,891	36,199
Operation and Maintenance of Plant	3,238,283	2,699,654	538,629
Pupil Transportation	1,130,598	1,125,890	4,708
Central	179,245	290,961	(111,716)
Operation of Food Services	947,865	922,557	25,308
Operation of Non-Instructional Services	403,987	440,781	(36,794)
Extracurricular Activities	1,477,314	1,551,001	(73,687)
Interest	52,203	13,618	38,585
Total Program Expenses	38,019,324	33,459,012	4,560,312
Change in Net Position	3,497,195	6,456,152	(2,958,957)
Net Position Beginning of Year	(12,850,484)	(19,306,636)	6,456,152
Net Position End of Year	($9,353,289)	($12,850,484)	$3,497,195

Governmental Activities

General revenues accounted for the majority of all revenues. Specific program revenues in the form of charges for services, operating grants, contributions, and interest, and capital grants and contributions accounted for the remaining portion of total revenues.

Several revenue sources fund governmental activities, with property taxes being the largest contributor. The last increase in property tax levies by the citizens of the School District was in November 2017, when they passed a replacement and increase permanent improvement levy of 1.0 mill, which began collection in calendar year 2019. In addition, the emergency levy that was originally approved by the voters in 2014 was renewed in May 2018 for an additional five years. The permanent improvement levy was renewed in November 2022 for an additional five years. Property tax revenues increased from the prior fiscal year mainly due to the growth in assessed values.

Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. With the combination of taxes and grants and entitlements funding the significant portion of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations. The increase in grants and entitlements for fiscal year 2023 was the result of increased foundation funding. The phase in of the new foundation funding model increased from 16.67 percent in fiscal year 2022 to 33.33 percent in fiscal year 2023.

Operating grants, contributions, and interest program revenues decreased in fiscal year 2023 mainly due to a decline in Elementary and Secondary School Emergency Relief grants. Capital grants and contributions were higher for fiscal year 2023 mainly due to a large donation for the Quaker Dome floor.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses was related to an increase in pension expense.

Aside from the increases due to pension expense, special instruction expense and operation and maintenance of plant support services expense both increased in fiscal year 2023. Salary increases due to base salary increases and step increases were the primary cause of the change in special instruction expense. Operation and maintenance of plant support services expense rose primarily due to increases in purchased services for building upkeep and security services, as well as salary costs for one additional supervisor.

The statement of activities shows the cost of program services and the charges for services and grants and contributions offsetting those services. The following table shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted State grants and entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses				
Instruction:				
Regular	$16,511,672	$15,754,301	$14,669,259	$12,757,928
Special	6,745,326	3,295,625	5,504,773	2,187,652
Vocational	401,877	335,673	321,376	252,868
Support Services:				
Pupil	2,291,284	2,169,239	1,996,150	1,903,324
Instructional Staff	546,197	418,528	336,692	278,225
Board of Education	148,648	148,648	123,460	123,460
Administration	3,013,735	2,979,185	2,567,949	2,536,080
Fiscal	931,090	931,090	894,891	894,891
Operation and Maintenance of Plant	3,238,283	655,730	2,699,654	490,561
Pupil Transportation	1,130,598	990,340	1,125,890	1,025,183
Central	179,245	179,245	290,961	290,961
Operation of Food Services	947,865	(192,465)	922,557	(491,595)
Operation of Non-Instructional Services	403,987	150,573	440,781	(13,358)
Extracurricular Activities	1,477,314	360,053	1,551,001	723,302
Interest	52,203	52,203	13,618	13,618
Total	$38,019,324	$28,227,968	$33,459,012	$22,973,100

The dependence upon general revenues for governmental activities is apparent; the majority of expenses are supported through property taxes, grants and entitlements, and other general revenues.

The School District's Funds

Information about the School District's major fund starts on page 18. These funds are accounted for using the modified accrual basis of accounting. Fund balance for total governmental funds decreased in fiscal year 2023 primarily due to the growth in expenditures, mainly capital outlay and special instruction expenditures, despite an increase in property tax revenues. The increase in capital outlay was mainly related to the maintenance garage, the Quaker Dome floor, the running track reconstruction, the purchase of some buses, and the inception of subscriptions. The increase in special instruction expenditures was related to a rise in salary costs, as discussed previously.

The general fund also had a decrease in fund balance for fiscal year 2023 primarily due to the increase in expenditures, despite being partly offset by a growth in revenues. The increase in special instruction expenditures was related to a rise in salary costs discussed previously. The increase in regular instruction expenditures was due to step and base increases as well as increases in substitute hourly rates in order to attract additional staff. The rise in pupil transportation expenditures was due to the purchase of two additional buses in anticipation of a 15 to 20 percent increase in cost.

The overall decrease in fund balance of the total governmental funds indicates the School District's current revenue base is not able to meet the School District's obligations as a whole. The School District understands that it needs to continue to monitor expenditures to ensure it can meet future needs.

Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget a few times. Requests for budget changes are made by the building administrators. Final approval is obtained from the Treasurer and Superintendent and is presented to the Board of Education for their adoption.

For the general fund, original budgeted revenue and other financing sources were lower than final budgeted revenue and other financing sources. Actual revenue came in lower than the final budget estimate, mainly due to lower than anticipated intergovernmental revenues.

Original budgeted expenditures and other financing uses were lower than final budgeted expenditures and other financing uses. Actual expenditures were less than final budgeted expenditures and other financing uses mainly due to lower than anticipated expenditures for regular instruction.

The School District's ending unobligated budgetary fund balance was lower than the final budgeted amount due to actual revenues coming in below the final budget estimate.

Capital Assets and Debt Administration

Capital Assets

Capital assets net of depreciation increased overall with additions outpacing current year depreciation and asset disposals for fiscal year 2023. Some of the capital asset additions included ongoing projects for boilers, a new maintenance garage, and a Quaker Dome floor; completed projects for heating, ventilation, and air conditioning improvements, improvements to the High School and South roofs, and a new track; and the purchase of several buses.

The School District's capitalization threshold for capital assets was set at $500. For additional information on capital assets, see Note 10 to the basic financial statements.

Debt

In June 2018, the School District issued $420,000 in school improvement bonds through direct placement for the purpose of acquiring and installing boilers at the high school.

At June 30, 2023, the School District's overall legal debt margin was $55,345,230 with an unvoted debt margin of $617,491.

For additional information on long-term obligations, see Note 16 to the basic financial statements.

Challenges and Opportunities

The New Philadelphia City School District is still strong financially. As the preceding information shows, the School District heavily depends on its property taxpayers. The taxpayers renewed a 1 mill permanent improvement levy in November 2022.

State law fixes the amount of tax revenue, forcing it to remain constant except for new valuations in the School District. Management must plan expenses accordingly, staying within the School District's five-year plan.

In July of 2023, House Bill 33 was passed. The bill codified the funding model that was adopted in fiscal year 2021 for Ohio school districts. The Funding model addresses student funding based on where they attend rather than the residence. The School District experienced a net increase in funds when the funding model was implemented and will experience additional increases as the model is phased in. The Bill included a 6-year phase in period. The Bill also updated the Base Cost calculations to 2022 enrollment.

Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years and to grow even more dependent on local tax revenue.

In conclusion, the School District's system of budgeting and internal controls are well-regarded, and it will take all of the School District's financial abilities to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Julie Erwin, Treasurer, at New Philadelphia City School District, 248 Front Avenue SW, New Philadelphia, Ohio 44663 or email at erwinj@npschools.org.

Basic Financial Statements

New Philadelphia City School District
Statement of Net Position
June 30, 2023

	Primary Government	Component Units	
	Governmental Activities	Quaker Digital Academy	Quaker Preparatory Academy
Assets			
Equity in Pooled Cash and Cash Equivalents	$6,541,540	$4,918,989	$936,741
Accounts Receivable	45,068	0	0
Intergovernmental Receivable	996,859	230,257	43,068
Accrued Interest Receivable	3,095	0	0
Prepaid Items	144,037	35,452	3,016
Materials and Supplies Inventory	5,013	0	0
Inventory Held for Resale	6,327	0	0
Property Taxes Receivable	16,632,783	0	0
Lease Receivable	22,767	0	0
Net OPEB Asset (See Note 14)	3,300,492	290,890	67,255
Nondepreciable Capital Assets	3,483,590	0	0
Depreciable Capital Assets, Net	16,105,823	889,180	38,037
Total Assets	47,287,394	6,364,768	1,088,117
Deferred Outflows of Resources			
Pension	8,401,031	777,662	514,093
OPEB	789,185	77,924	63,443
Total Deferred Outflows of Resources	9,190,216	855,586	577,536
Liabilities			
Accounts Payable	398,622	54,005	5,045
Contracts Payable	259,370	0	0
Accrued Wages and Benefits Payable	3,418,843	86,335	43,755
Intergovernmental Payable	656,577	78,350	9,229
Matured Compensated Absences Payable	95,046	0	0
Accrued Interest Payable	3,761	18,915	0
Unearned Revenue	225,078	89,800	207
Long-Term Liabilities:			
Due Within One Year	348,317	698,775	24,091
Due in More Than One Year:			
Net Pension Liability (See Note 13)	34,574,209	3,271,520	719,536
Net OPEB Liability (See Note 14)	1,650,108	189,711	35,151
Other Amounts Due in More Than One Year	1,838,356	948,798	15,716
Total Liabilities	43,468,287	5,436,209	852,730
Deferred Inflows of Resources			
Property Taxes	13,764,993	0	0
Leases	22,767	0	0
Pension	3,828,196	683,567	62,629
OPEB	4,746,656	537,982	96,190
Total Deferred Inflows of Resources	22,362,612	1,221,549	158,819
Net Position			
Net Investment in Capital Assets	18,762,496	39,222	5,518
Restricted for:			
Athletics	184,405	0	0
Capital Projects	256,140	0	0
Food Service Operations	940,108	0	0
Positive School Climate	247,710	0	0
Scholarships	1,479,902	0	0
Special Education	619,696	0	0
OPEB Plan	755,372	70,367	14,628
Other Purposes	437,303	6,217	14,042
Unrestricted (Deficit)	(33,036,421)	446,790	619,916
Total Net Position	($9,353,289)	$562,596	$654,104

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues		
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
Primary Government				
Governmental Activities				
Instruction:				
Regular	$16,511,672	$453,810	$303,050	$511
Special	6,745,326	134,997	3,312,455	2,249
Vocational	401,877	0	66,204	0
Support Services:				
Pupil	2,291,284	0	122,045	0
Instructional Staff	546,197	0	114,711	12,958
Board of Education	148,648	0	0	0
Administration	3,013,735	0	34,550	0
Fiscal	931,090	0	0	0
Operation and Maintenance of Plant	3,238,283	11,683	2,462,264	108,606
Pupil Transportation	1,130,598	5,362	85,661	49,235
Central	179,245	0	0	0
Operation of Food Services	947,865	229,896	910,434	0
Operation of Non-Instructional Services	403,987	21,772	231,642	0
Extracurricular Activities	1,477,314	660,806	70,566	385,889
Interest	52,203	0	0	0
Total Primary Government	$38,019,324	$1,518,326	$7,713,582	$559,448
Component Units				
Quaker Digital Academy	$4,244,398	$350	$880,092	$0
Quaker Preparatory Academy	1,092,592	0	367,878	0
Total Component Units	$5,336,990	$350	$1,247,970	$0

General Revenues
Property Taxes Levied for:
General Purposes
Capital Outlay
Grants and Entitlements not Restricted to Specific Programs
Unrestricted Contributions
Investment Earnings/Interest
Gain on Sale of Capital Assets
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Primary Government	Component Units	
Governmental Activities	Quaker Digital Academy	Quaker Preparatory Academy
($15,754,301)	$0	$0
(3,295,625)	0	0
(335,673)	0	0
(2,169,239)	0	0
(418,528)	0	0
(148,648)	0	0
(2,979,185)	0	0
(931,090)	0	0
(655,730)	0	0
(990,340)	0	0
(179,245)	0	0
192,465	0	0
(150,573)	0	0
(360,053)	0	0
(52,203)	0	0
(28,227,968)	0	0
0	(3,363,956)	0
0	0	(724,714)
0	(3,363,956)	(724,714)
17,091,711	0	0
470,478	0	0
13,603,168	4,546,819	845,405
3,051	0	0
146,439	127,957	22,514
215,131	0	0
195,185	1,804	1,970
31,725,163	4,676,580	869,889
3,497,195	1,312,624	145,175
(12,850,484)	(750,028)	508,929
($9,353,289)	$562,596	$654,104

New Philadelphia City School District

Balance Sheet
Governmental Funds
June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$1,668,848	$4,457,173	$6,126,021
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	316	0	316
Accounts Receivable	45,068	0	45,068
Intergovernmental Receivable	177,023	819,836	996,859
Interfund Receivable	557,886	36,506	594,392
Accrued Interest Receivable	2,397	698	3,095
Lease Receivable	22,767	0	22,767
Prepaid Items	144,037	0	144,037
Materials and Supplies Inventory	0	5,013	5,013
Inventory Held for Resale	0	6,327	6,327
Property Taxes Receivable	16,259,734	373,049	16,632,783
Total Assets	$18,878,076	$5,698,602	$24,576,678
Liabilities			
Accounts Payable	$138,087	$260,535	$398,622
Contracts Payable	0	259,370	259,370
Accrued Wages and Benefits Payable	3,159,291	259,552	3,418,843
Intergovernmental Payable	619,449	37,068	656,517
Interfund Payable	0	594,392	594,392
Matured Compensated Absences Payable	95,046	0	95,046
Unearned Revenue	0	225,078	225,078
Total Liabilities	4,011,873	1,635,995	5,647,868
Deferred Inflows of Resources			
Property Taxes	13,469,656	295,337	13,764,993
Leases	22,767	0	22,767
Unavailable Revenue	556,980	621,159	1,178,139
Total Deferred Inflows of Resources	14,049,403	916,496	14,965,899
Fund Balances			
Nonspendable	144,353	5,013	149,366
Restricted	0	3,749,709	3,749,709
Committed	25,921	0	25,921
Assigned	283,642	0	283,642
Unassigned (Deficit)	362,884	(608,611)	(245,727)
Total Fund Balances	816,800	3,146,111	3,962,911
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$18,878,076	$5,698,602	$24,576,678

See accompanying notes to the basic financial statements

New Philadelphia City School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Funds Balances		$3,962,911
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,589,413
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	419,726	
Intergovernmental Grants	618,953	
Tuition and Fees	97,080	
Insurance Recoveries	42,380	
Total		1,178,139
In the statement of activities, interest is accrued on outstanding debt, whereas in the funds, an interest expenditure is reported when due.		(3,761)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(229,000)	
Financed Purchases	(7,349)	
Leases Payable	(101,463)	
Subscriptions Payable	(67,586)	
Compensated Absences	(1,781,275)	
Total		(2,186,673)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		415,143
The net OPEB asset and net pension/OPEB liabilities are not due and payable in the current period; therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	3,300,492	
Deferred Outflows - Pension	8,401,031	
Deferred Outflows - OPEB	789,185	
Net Pension Liability	(34,574,209)	
Net OPEB Liability	(1,650,108)	
Deferred Inflows - Pension	(3,828,196)	
Deferred Inflows - OPEB	(4,746,656)	
Total		(32,308,461)
Net Position of Governmental Activities		($9,353,289)

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$16,986,362	$468,054	$17,454,416
Intergovernmental	14,962,878	6,097,970	21,060,848
Investment Earnings/Interest	146,366	14,643	161,009
Tuition and Fees	348,528	81,066	429,594
Extracurricular Activities	202,983	457,823	660,806
Contributions and Donations	3,051	518,496	521,547
Charges for Services	153,285	229,896	383,181
Leases and Rentals	11,683	0	11,683
Miscellaneous	233,051	44,839	277,890
Total Revenues	33,048,187	7,912,787	40,960,974
Expenditures			
Current:			
Instruction:			
Regular	15,336,689	327,939	15,664,628
Special	4,893,923	1,883,271	6,777,194
Vocational	394,043	0	394,043
Support Services:			
Pupil	2,148,962	121,719	2,270,681
Instructional Staff	381,613	122,389	504,002
Board of Education	148,006	0	148,006
Administration	3,009,599	34,568	3,044,167
Fiscal	964,989	0	964,989
Operation and Maintenance of Plant	3,012,783	2,448,612	5,461,395
Pupil Transportation	1,496,390	55,373	1,551,763
Central	322,931	0	322,931
Operation of Food Services	0	966,716	966,716
Operation of Non-Instructional Services	0	428,743	428,743
Extracurricular Activities	889,357	526,688	1,416,045
Capital Outlay	339,293	1,610,008	1,949,301
Debt Service:			
Principal Retirement	305,324	75,065	380,389
Interest	39,231	10,023	49,254
Total Expenditures	33,683,133	8,611,114	42,294,247
Excess of Revenues Under Expenditures	(634,946)	(698,327)	(1,333,273)
Other Financing Sources (Uses)			
Sale of Capital Assets	0	363,000	363,000
Insurance Recoveries	78,295	0	78,295
Inception of Lease	20,914	0	20,914
Inception of Subscriptions	318,379	32,629	351,008
Transfers In	0	112,843	112,843
Transfers Out	(112,843)	0	(112,843)
Total Other Financing Sources (Uses)	304,745	508,472	813,217
Net Change in Fund Balances	(330,201)	(189,855)	(520,056)
Fund Balances Beginning of Year	1,147,001	3,335,966	4,482,967
Fund Balances End of Year	$816,800	$3,146,111	$3,962,911

See accompanying notes to the basic financial statements

New Philadelphia City School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		($520,056)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital asset additions exceeded depreciation/amortization in the current period:		
Capital Asset Additions:		
Capital Outlay	5,024,032	
Capital Contributions	2,760	
Depreciation/Amortization	(1,258,962)	
Total		3,767,830
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(154,869)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	107,773	
Intergovernmental	158,849	
Tuition and Fees	33,062	
Miscellaneous	(82,705)	
Insurance Recoveries	42,380	
Total		259,359
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accrued Interest	(2,949)	
Compensated Absences	(111,924)	
Total		(114,873)
Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Payment on General Obligation Bonds	41,000	
Payment on Financed Purchases	1,436	
Payment on Leases Payable	27,502	
Payment on Subscriptions Payable	310,451	
Total		380,389
The change in net position of the internal service fund is reported with governmental activities in the statement of activities.		(65,670)
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities:		
Inception of Lease Payable	(20,914)	
Inception of Subscription Payable	(351,008)	
Total		(371,922)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	3,022,436	
OPEB	85,909	
Total		3,108,345
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(3,468,619)	
OPEB	677,281	
Total		(2,791,338)
Change in Net Position of Governmental Activities		$3,497,195

See accompanying notes to the basic financial statements

New Philadelphia City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$14,433,284	$16,874,765	$16,957,045	$82,280
Payments in Lieu of Taxes	6,059	6,059	0	(6,059)
Intergovernmental	16,864,208	17,606,983	15,007,659	(2,599,324)
Interest	91,875	128,844	136,033	7,189
Tuition and Fees	244,957	187,948	348,528	160,580
Contributions and Donations	1,376	1,376	3,051	1,675
Charges for Services	155,310	155,310	150,957	(4,353)
Rentals	284	1,762	888	(874)
Miscellaneous	25,216	268,831	165,042	(103,789)
Total Revenues	31,822,569	35,231,878	32,769,203	(2,462,675)
Expenditures				
Current:				
Instruction:				
Regular	13,519,566	16,659,856	15,442,790	1,217,066
Special	4,976,678	4,400,548	4,854,681	(454,133)
Vocational	428,356	363,306	388,615	(25,309)
Support Services:				
Pupil	2,198,352	1,958,898	2,154,465	(195,567)
Instructional Staff	601,480	611,079	416,151	194,928
Board of Education	148,300	148,300	149,449	(1,149)
Administration	3,325,709	2,973,669	3,041,236	(67,567)
Fiscal	1,041,531	1,014,874	952,753	62,121
Operation and Maintenance of Plant	3,117,466	3,225,216	3,192,043	33,173
Pupil Transportation	1,334,372	1,582,280	1,493,321	88,959
Central	503,087	503,087	330,437	172,650
Operation of Non-Instructional Services	284	284	0	284
Extracurricular Activities	735,780	629,564	695,883	(66,319)
Debt Service:				
Principal Retirement	305,324	2,805,324	2,805,324	0
Interest	2,693	2,693	39,231	(36,538)
Total Expenditures	32,238,978	36,878,978	35,956,379	922,599
Excess of Revenues Under Expenditures	(416,409)	(1,647,100)	(3,187,176)	(1,540,076)
Other Financing Sources (Uses)				
Tax Anticipation Notes Issued	0	2,500,000	2,500,000	0
Insurance Recoveries	4,360	4,360	76,245	71,885
Advances In	0	91,991	183,980	91,989
Advances Out	(30,000)	(390,000)	(557,886)	(167,886)
Transfers Out	(100,000)	(100,000)	(112,843)	(12,843)
Total Other Financing Sources (Uses)	(125,640)	2,106,351	2,089,496	(16,855)
Net Change in Fund Balance	(542,049)	459,251	(1,097,680)	(1,556,931)
Fund Balance Beginning of Year	1,916,911	1,916,911	1,916,911	0
Prior Year Encumbrances Appropriated	542,049	542,049	542,049	0
Fund Balance End of Year	$1,916,911	$2,918,211	$1,361,280	($1,556,931)

See accompanying notes to the basic financial statements

New Philadelphia City School District

Statement of Fund Net Position

Proprietary Fund

June 30, 2023

	Governmental Activities - Internal Service
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$415,203
Liabilities	
Current Liabilities:	
Intergovernmental Payable	60
Net Position	
Unrestricted	$415,143

See accompanying notes to the basic financial statements

New Philadelphia City School District

Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service
Operating Revenues	
Charges for Services	$5,875,061
Operating Expenses	
Fringe Benefits	5,940,731
Change in Net Position	(65,670)
Net Position Beginning of Year	480,813
Net Position End of Year	$415,143

See accompanying notes to the basic financial statements

New Philadelphia City School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	$5,875,061
Cash Payments for Premiums	(5,940,831)
Net Decrease in Cash and Cash Equivalents	(65,770)
Cash and Cash Equivalents Beginning of Year	480,973
Cash and Cash Equivalents End of Year	$415,203
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating Loss	($65,670)
Adjustments:	
Decrease in Intergovernmental Payable	(100)
Net Cash Used in Operating Activities	($65,770)

See accompanying notes to the basic financial statements

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Note 1 – Description of the School District and Reporting Entity

The New Philadelphia City School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by State statute and/or Federal guidelines. This Board controls the School District's 11 instruction/support facilities staffed by 150 non-certificated employees, 212 certificated full-time teaching personnel and 21 administrative employees who provide services to 2,707 students and other community members.

The School District was established in 1808, the first in the State of Ohio, and is organized under Article VI, Sections 2 and 3 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 School District is vested in the Board of Education, consisting of five members elected at-large for staggered four-year terms.

The School District serves an area of approximately 72 square miles. It is located in Tuscarawas County, and includes all of the City of New Philadelphia, the Village of Stone Creek and portions of nine townships. The School District currently operates seven instructional buildings, an administration building, a warehouse building, a preschool/sports complex, and a garage.

Reporting Entity

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

> ***Nonpublic Schools*** Within the School District boundaries, Tuscarawas Central Catholic Junior and Senior High School is operated through the Columbus Catholic Diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the School District.

Discretely Presented Component Units The component unit columns in the financial statements identify the financial data of the School District's component units, the Quaker Digital Academy and the Quaker Preparatory Academy. The component units are reported separately to emphasize that they are legally separate from the School District.

> ***Quaker Digital Academy*** The Quaker Digital Academy is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Quaker Digital Academy's mission, under a contractual agreement with the School District (Quaker Digital

Academy's sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. The Quaker Digital Academy serves as a dropout prevention and recovery school and focuses on ensuring that basic survival needs are met so that students can achieve success in school. Quaker Digital Academy serves elementary, middle, and high school age students and above who have dropped out or are at risk of dropping out of school. For fiscal 2017, Quaker Digital Academy's dropout prevention and recovery status was terminated because a majority of the students served were not between the ages of 16 and 21. The Quaker Digital Academy reapplied for the drop-out prevention and recovery status for fiscal year 2018, and it was granted (see Note 25).

The Quaker Digital Academy operates under the direction of a five-member Board of Directors composed of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the New Philadelphia - Tuscarawas County community as well as represent the interest of the Tuscarawas County community. The Sponsor is able to impose its will on Quaker Digital Academy, and due to Quaker Digital Academy's relationship with New Philadelphia City School District, it would be misleading to exclude Quaker Digital Academy. The Sponsor can suspend the Quaker Digital Academy's operations for any of the following reasons: 1) the Quaker Digital Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) the Quaker Digital Academy's failure to meet generally accepted standards of fiscal management, 3) the Quaker Digital Academy's violation of any provisions of the contract with the Sponsor or applicable State or Federal law, or 4) other good cause. Separately issued financial statements can be obtained from Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Quaker Preparatory Academy The Quaker Preparatory Academy is a legally separate community school created under Ohio Revised Code Chapter 3314 and incorporated under Chapter 1702. The Quaker Preparatory Academy's mission, under a contractual agreement with the School District (Quaker Preparatory Academy's sponsor), is to enhance and facilitate student learning by combining state-of-the-art digital curriculum and instruction with access to local school resources that complement that instruction and prepare students to become lifelong learners and productive citizens. The Quaker Preparatory Academy serves as an internet/computer-based community school providing education to students in kindergarten through eighth grade who reside in any school district located in Ohio. Quaker Preparatory Academy first began enrolling students for fiscal year 2021 (see Note 26).

The Quaker Preparatory Academy operates under the direction of a five-member Board of Directors composed of five community members appointed by the Executive Director after consulting with the Sponsor's superintendent. All governing authority members live and/or work in the New Philadelphia - Tuscarawas County community as well as represent the interest of the Tuscarawas County community. The sponsor is able to impose its will on Quaker Preparatory Academy, and due to Quaker Preparatory Academy's relationship with New Philadelphia City School District, it would be misleading to exclude Quaker Preparatory Academy. The Sponsor can suspend the Quaker Preparatory Academy's operations for any of the following reasons: 1) the Quaker Preparatory Academy's failure to meet student performance requirements stated in its contract with the Sponsor, 2) the Quaker Preparatory Academy's failure to meet generally accepted standards of fiscal management, 3) the Quaker Preparatory Academy's violation of any provisions of the contract with the Sponsor or applicable State or Federal law, or 4) other good cause. Separately issued financial statements can be obtained from Quaker Preparatory Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

The School District participates in four jointly governed organizations and two public entity risk pools. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Buckeye Joint Vocational School District, Tuscarawas County Tax Incentive Review Council, Coalition of Rural and Appalachian Schools, the Ohio School Boards Association Workers' Compensation Group Rating Program, and the Portage Area School Consortium. These organizations are presented in Notes 19 and 20 to the basic financial statements.

Information in the following notes to the basic financial statements is applicable to the primary government. Information for the component units is presented in Notes 25 and 26.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into two categories: governmental and proprietary.

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

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

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's only proprietary fund is an internal service fund.

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The only internal service fund that the School District accounts for is a health, vision, dental and life insurance program, which provides medical benefits to employees.

Measurement Focus

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of fund net position. For the internal service fund, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 9). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, tuition and fees, and insurance recoveries. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 13 and 14).

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

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

Budgetary Process

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

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

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

Cash and Cash Equivalents

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

During fiscal year 2023, investments were limited to STAR Ohio, a repurchase agreement, a money market account, negotiable certificates of deposit, federal home loan bank notes, and federal farm credit bank notes. The School District measures its investment in the repurchase agreement at cost. The money market account, negotiable certificates of deposit, federal home loan bank notes, and federal farm credit bank notes are reported at fair value.

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

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 advance notice for deposits and withdrawals of $100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to $250 million per day.

By Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Investment earnings/interest revenue credited to the general fund during fiscal year 2023 amounted to $146,366, which includes $104,385 assigned from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

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

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

Description	Governmental Activities Estimated Lives
Tangible Assets	
Land Improvements	40 years
Buildings and Building Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	10 years
Intangible Right to Use Lease Assets	
Intangible Right to Use - Land	10 years
Intangible Right to Use - Equipment	5 years
Intangible Right to Use Subscription Assets	
Intangible Right to Use - Software	2-6 years

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

Interfund Balances

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

Unearned Revenue

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

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

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

Leases/Subscription Payable

The School District serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

> ***Lessee*** At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the lease term. Lease assets are reported with other capital assets, and lease liabilities are reported with long-term debt on the statement of net position.
>
> ***Lessor*** At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the subscription term. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt on the statement of net position.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education also assigned fund balance for public school support.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes includes unclaimed monies, band uniforms, community involvement, instructional programs, juvenile attention center, school safety, student activities, student instruction, student wellness and success, and teacher development.

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

Interfund Activity

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for health, vision, dental and life insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Estimates

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

Note 3 – Changes in Accounting Principles and Restatement of Net Position

Changes in Accounting Principles

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

GASB Statement 91 clarifies 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 School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District's 2023 financial statements. The School District recognized $27,029 in subscriptions payable at July 1, 2022, which was offset by the subscription assets. An additional subscription asset of $4,700 was also recognized without an offsetting liability since it had been fully paid prior to July 1, 2022.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

Restatement of Net Position

The implementation of GASB 96 had the following effect on net position as reported June 30, 2022:

	Governmental Activities
Net Position at June 30, 2022	($12,855,184)
Adjustments:	
Depreciable Capital Assets	31,729
Subscriptions Payable	(27,029)
Restated Net Position at June 30, 2022	($12,850,484)

Note 4 – Budgetary Basis of Accounting

While the School District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures, and changes in fund balance − budget (non-GAAP basis) and actual 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 budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

3. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP operating statement.

4. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

5. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).

6. Budgetary revenues and expenditures of the public school support fund are reclassified to the general fund for GAAP reporting.

7. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	($330,201)
Net Adjustment for Revenue Accruals	(69,886)
Advances In	183,980
Ending Unrecorded Cash	(25)
Beginning Fair Value Adjustment for Investments	(51,522)
Ending Fair Value Adjustment for Investments	43,620
Net Adjustment for Expenditure Accruals	(19,220)
Advances Out	(557,886)
Perspective Difference:	
Public School Support	9,496
Encumbrances	(306,036)
Budget Basis	($1,097,680)

Note 5 – Accountability

Fund balances at June 30, 2023, included individual fund deficits in the following funds:

	Amount
Special Revenue:	
Preschool	$60,682
Elementary and Secondary School Emergency Relief	271,503
Title VI-B	96,259
Title III	3,231
Title I	158,888
Title IV-A	1,377
Preschool Grants	5,993
Improving Teacher Quality	10,678

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

Note 6 – Deposits and Investments

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

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

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

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

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

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

2. Bonds, notes, debentures, or any other obligation or security issued by any Federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All Federal agency securities shall be direct issuances of Federal government agencies or instrumentalities;

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate 5 percent of interim moneys available for investment at the time of purchase.

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

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

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, $278,111 of the School District's total bank balance of $992,564 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Two of the School District's financial institutions participate in the Ohio Pooled Collateral System (OPCS), and one was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	$53,693	Less than one year	AAAm	N/A
Cost:				
Repurchase Agreement	3,276,978	Less than one year	N/A	58.86 %
Fair Value - Level 1 Inputs:				
Money Market Account	6,295	Less than one year	AAAm	N/A
Fair Value - Level 2 Inputs:				
Negotiable Certificates of Deposit	1,269,343	Less than two years	N/A	22.80
Federal Home Loan Bank Notes	636,106	Less than two years	AAA or AA+	11.43
Federal Farm Credit Bank Notes	324,967	Less than three years	AA+	5.84
Total Investments	$5,567,382			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's money market account is measured at fair value based on quoted market prices (level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided marts, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (level 2 inputs).

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring the School District's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement and negotiable certificates of deposit are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty. The School District has no investment policy dealing with the 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.

Credit Risk The School District's investments are rated as shown in the preceding table. The repurchase agreement and the negotiable certificates of deposit are not rated. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District does not have an investment policy that addresses credit risk.

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

Note 7 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaids	$144,037	$0	$144,037
Inventory	0	5,013	5,013
Unclaimed Monies	316	0	316
Total Nonspendable	144,353	5,013	149,366
Restricted for:			
Athletics	0	184,405	184,405
Capital Projects	0	175,750	175,750
Food Service Operations	0	957,671	957,671
Scholarships	0	1,479,902	1,479,902
Special Education	0	618,461	618,461
Other Purposes:			
Band Uniforms	0	3,472	3,472
Community Involvement	0	5,032	5,032
Instructional Programs	0	62,724	62,724
Juvenile Attention Center	0	81,658	81,658
Student Activities	0	76,779	76,779
Student Instruction	0	96,452	96,452
Student Wellness and Success	0	7,276	7,276
Teacher Development	0	127	127
Total Restricted	0	3,749,709	3,749,709
Committed to:			
Purchases on Order:			
Support Services	25,921	0	25,921
Assigned to:			
Public School Support	44,347	0	44,347
Purchases on Order:			
Instructional Services	50,943	0	50,943
Support Services	188,352	0	188,352
Total Assigned	283,642	0	283,642
Unassigned (Deficit)	362,884	(608,611)	(245,727)
Total Fund Balances	$816,800	$3,146,111	$3,962,911

Note 8 – Receivables

Receivables at June 30, 2023, consisted of taxes, accounts, intergovernmental (grants, tuition and fees, charges for services, and miscellaneous), leases, and interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables except for delinquent property taxes and leases are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
American Recovery Plan Elementary and Secondary School Emergency Relief	$247,710
Medicaid in Schools	146,870
Title I-A Improving Basic Programs Grant	139,349
IDEA-B Special Education Grant	96,259
Regular Tuition	77,730
Early Childhood Education Grant	60,682
Juvenile Attention Center - County Share	58,200
School Employees Retirement System Refund	48,440
Elementary and Secondary School Emergency Relief II	23,126
Title I-D Delinquent Grant	19,539
Mt. Health CSD Purchase of Chromebook Cases	19,400
Special Education Tuition	19,350
Title II-A Supporting Effective Instruction Grant	10,678
QDA Sponsor Fee True-Up	9,094
IDEA Early Childhood Special Education Grant	5,993
Food Service Grants and Reimbursements	5,832
Juvenile Attention Center - Administration Fee	2,328
Title III Language Instruction for English Learners Grant	1,663
Title III Immigrant Grant	1,568
Title IV-A Student Support and Academic Enrichment Grant	1,377
American Recovery Plan Homeless Round II	667
School Foundation Payment Report Adjustment	499
School Net Grant	323
Ohio Department of Education Refund for ACT Test	169
QPA Sponsor Fee True-Up	13
Total	$996,859

Leases Receivable

The School District is reporting leases receivable of $22,767 in the general fund at June 30, 2023. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2023, the School District recognized lease revenue of $10,795 and interest revenue of $1,205 in the general fund related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the School District's leasing arrangement is as follows:

Facility Lease – The School District has entered into a lease agreement with Quaker Preparatory Academy for space in the administrative building for a period of 5 years commencing in fiscal year 2021 and ending in fiscal year 2025. Payments are made annually.

A summary of future lease amounts receivable is as follows:

	General	
Fiscal Year	Principal	Interest
2024	$11,183	$817
2025	11,584	416
	$22,767	$1,233

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District's parameters. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2023, was $2,381,665 in the general fund and $66,399 in the permanent improvement capital projects fund. By comparison, the amount available as an advance at June 30, 2022, was $2,352,348 in the general fund and $71,444 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$499,512,070	94.16 %	$582,703,420	94.37 %
Public Utility Personal	30,994,760	5.84	34,788,020	5.63
Total	$530,506,830	100.00 %	$617,491,440	100.00 %
Tax rate per $1,000 of assessed valuation	$52.00		$50.40	

The tax rate decreased due to an increase in property tax values in the School District during fiscal year 2023. The increase in property tax values caused the tax rate to decrease so that the emergency levies would meet their collection amounts.

Tax Abatements

The School District's property taxes were reduced as follows under community reinvestment area tax exemption, enterprise zone tax exemption and tax increment financing agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2023 Taxes Abated
Community Reinvestment Area:	
City of New Philadelphia	$49,046
Enterprise Zone Tax Exemptions:	
City of New Philadelphia	81,394
Tax Increment Financing:	
Goshen Township	111,255

Note 10 – Capital Assets

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

	Restated Balance 6/30/22	Additions	Reductions	Balance 6/30/23
Governmental Activities				
Nondepreciable Capital Assets				
Land	$1,058,866	$89,275	($731)	$1,147,410
Construction in Progress	2,296,467	2,953,713	(2,914,000)	2,336,180
Total Nondepreciable Capital Assets	3,355,333	3,042,988	(2,914,731)	3,483,590
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	140,133	237,790	0	377,923
Leasehold Improvements	647,781	278,245	(49,204)	876,822
Buildings and Building Improvements	23,480,450	2,891,156	(107,885)	26,263,721
Furniture and Equipment	5,490,603	535,311	(320,887)	5,705,027
Vehicles	2,187,994	583,380	(482,837)	2,288,537
Total Tangible Assets	31,946,961	4,525,882	(960,813)	35,512,030
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Land	0	20,914	0	20,914
Intangible Right to Use - Equipment	128,199	0	0	128,199
Total Lease Assets	128,199	20,914	0	149,113
Subscription Assets				
Intangible Right to Use - Software	31,729	351,008	0	382,737
Total Intangible Right to Use Assets	159,928	371,922	0	531,850
Total Depreciable Capital Assets	32,106,889	4,897,804	(960,813)	36,043,880
Less Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(6,820)	(7,599)	0	(14,419)
Leasehold Improvements	(231,610)	(73,931)	34,443	(271,098)
Buildings and Building Improvements	(14,914,644)	(526,497)	70,678	(15,370,463)
Furniture and Equipment	(2,955,697)	(336,704)	247,282	(3,045,119)
Vehicles	(1,355,632)	(206,497)	454,272	(1,107,857)
Total Depreciation	(19,464,403)	(1,151,228)	806,675	(19,808,956)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Land	0	(1,047)	0	(1,047)
Intangible Right to Use - Equipment	(21,367)	(25,640)	0	(47,007)
Total Lease Assets	(21,367)	(26,687)	0	(48,054)
Subscription Assets				
Intangible Right to Use - Software	0	(81,047)	0	(81,047)
Total Amortization	(21,367)	(107,734)	0	(129,101)
Total Accumulated Depreciation/Amortization	(19,485,770)	(1,258,962) *	806,675	(19,938,057)
Total Depreciable Capital Assets, Net	12,621,119	3,638,842	(154,138)	16,105,823
Total Governmental Activities Capital Assets, Net	$15,976,452	$6,681,830	($3,068,869)	$19,589,413

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

Function	Depreciation	Amortization: Lease Assets	Amortization: Subscription Assets	Total
Instruction:				
Regular	$659,483	$0	$62,470	$721,953
Special	25,716	0	0	25,716
Support Services:				
Pupil	92	0	0	92
Instructional Staff	57,884	0	0	57,884
Board of Education	642	0	0	642
Administration	173	0	0	173
Fiscal	225	0	2,713	2,938
Operation and Maintenance of Plant	73,740	26,687	13,514	113,941
Pupil Transportation	184,801	0	0	184,801
Central	25,769	0	2,350	28,119
Operation of Food Services	10,752	0	0	10,752
Operation of Non-Instructional Services	15,934	0	0	15,934
Extracurricular Activities	96,017	0	0	96,017
Total Depreciation/Amortization Expense	$1,151,228	$26,687	$81,047	$1,258,962

The School District received various equipment valued at $2,760. The School District has recorded these as capital contributions.

Note 11 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2023, consisted of the following:

Interfund Payable	Interfund Receivable: General	Interfund Receivable: Other Governmental Funds	Interfund Receivable: Total Governmental Funds
Other Governmental Funds:			
Summer School	$0	$36,506	$36,506
Preschool	21,150	0	21,150
Elementary and Secondary School Emergency Relief	35,778	0	35,778
Title VI-B	47,492	0	47,492
Title III	3,231	0	3,231
Title I	56,201	0	56,201
Title IV-A	1,377	0	1,377
Preschool Grants	1,982	0	1,982
Improving Teacher Quality	675	0	675
Permanent Improvement	390,000	0	390,000
Total	$557,886	$36,506	$594,392

Interfund receivables in the general fund are due to the timing of the receipt of grant monies. The interfund balance due from the summer school fund to the Elementary and Secondary School Emergency Relief other governmental fund is related to grant expenditure adjustments. The general fund provides money to operate the programs until grants are received and the advances can be repaid.

Interfund Transfers

During fiscal year 2023, the general fund transferred $112,843 to other governmental funds to move unrestricted balances to support programs and projects accounted for in those funds.

Note 12 – Risk Management

Property and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with Liberty Mutual Insurance for property, inland marine, and liability insurance and fleet coverage as follows:

Type of Coverage	Deductible	Coverage
Building and Contents (Replacement Cost)	$5,000	$130,951,396
Inland Marine Coverage	250 - 500	1,421,162
Crime Insurance	500 - 1,000	50,000 - 200,000
Electronic Data Processing	5,000	2,000,000
Automobile Liability	250 - 1,000	1,000,000
Uninsured Motorists	0	1,000,000
Data and Cyber Security Liability	10,000	1,000,000
General Liability:		
Per Occurrence	N/A	1,000,000
Annual Limit	N/A	3,000,000

Settled claims have not exceeded this coverage in any of the past three years. There was no significant reduction in insurance coverage from the prior year.

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The School District is a member of the Portage Area School Consortium (the Consortium), a shared risk pool (see Note 20), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Consortium acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. A reserve exists which is to cover any unpaid claims if the School District were to withdraw from the pool. If the reserve would not cover such claims, the School District would be liable for any costs above the reserve. The School District pays premiums of $1,647 for family coverage and $681 for single coverage per employee per month.

Note 13 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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 include 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 health care to eligible benefit recipients.

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $640,828 for fiscal year 2023. Of this amount $36,655 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 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 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was $2,381,608 for fiscal year 2023. Of this amount $349,659 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11534200%	0.12746494%	
Prior Measurement Date	0.11095280%	0.13212074%	
Change in Proportionate Share	0.00438920%	-0.00465580%	
Proportionate Share of the Net Pension Liability	$6,238,592	$28,335,617	$34,574,209
Pension Expense	$260,040	$3,208,579	$3,468,619

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$252,668	$362,732	$615,400
Changes of assumptions	61,557	3,390,922	3,452,479
Net difference between projected and actual earnings on pension plan investments	0	986,018	986,018
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	151,992	172,706	324,698
School District contributions subsequent to the measurement date	640,828	2,381,608	3,022,436
Total Deferred Outflows of Resources	$1,107,045	$7,293,986	$8,401,031
Deferred Inflows of Resources			
Differences between expected and actual experience	$40,955	$108,393	$149,348
Changes of assumptions	0	2,552,390	2,552,390
Net difference between projected and actual earnings on pension plan investments	217,698	0	217,698
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	87,775	820,985	908,760
Total Deferred Inflows of Resources	$346,428	$3,481,768	$3,828,196

$3,022,436 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$15,175	($147,160)	($131,985)
2025	53,821	(290,640)	(236,819)
2026	(310,987)	(1,005,282)	(1,316,269)
2027	361,780	2,873,692	3,235,472
Total	$119,789	$1,430,610	$1,550,399

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 as follows:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

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

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. 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 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$9,182,910	$6,238,592	$3,758,045

Actuarial Assumptions – STRS

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

	June 30, 2022
Inflation	2.50 percent
Salary Increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

* Target allocation percentage is effective 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 percent, and are net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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' 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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$42,804,801	$28,335,617	$16,099,166

Note 14 – Defined Benefit OPEB Plans

See Note 13 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $85,909.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $85,909 for fiscal year 2023, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to postemployment health care.

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.11752820%	0.12746494%	
Prior Measurement Date	0.11473740%	0.13212074%	
Change in Proportionate Share	0.00279080%	-0.00465580%	
Proportionate Share of the:			
Net OPEB Liability	$1,650,108	$0	$1,650,108
Net OPEB (Asset)	$0	($3,300,492)	($3,300,492)
OPEB Expense	($100,363)	($576,918)	($677,281)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$13,872	$47,845	$61,717
Changes of assumptions	262,471	140,590	403,061
Net difference between projected and actual earnings on OPEB plan investments	8,576	57,454	66,030
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	123,226	49,242	172,468
School District contributions subsequent to the measurement date	85,909	0	85,909
Total Deferred Outflows of Resources	$494,054	$295,131	$789,185
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,055,530	$495,670	$1,551,200
Changes of assumptions	677,381	2,340,366	3,017,747
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	173,494	4,215	177,709
Total Deferred Inflows of Resources	$1,906,405	$2,840,251	$4,746,656

$85,909 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($319,514)	($739,140)	($1,058,654)
2025	(340,306)	(724,142)	(1,064,448)
2026	(312,460)	(353,456)	(665,916)
2027	(209,262)	(146,501)	(355,763)
2028	(136,031)	(192,258)	(328,289)
Thereafter	(180,687)	(389,623)	(570,310)
Total	($1,498,260)	($2,545,120)	($4,043,380)

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, 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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan; see Note 13.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$2,049,459	$1,650,108	$1,327,723

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$1,272,530	$1,650,108	$2,143,287

Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug:		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	($3,051,217)	($3,300,492)	($3,514,016)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	$3,423,413	($3,300,492)	($3,145,334)

Note 15 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty days of vacation per fiscal year, depending upon length of service. Administrative contracts designate the maximum number of vacation days that may be carried over from one contract year to the next. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified staff and classified staff. Upon retirement, payment is made for one-fourth of the accrued, unused sick leave credit, up to a maximum of 65 days for certified employees and classified employees. Certified and classified employees can receive an additional 10 days and 5 days, respectively, of paid severance for early notice by submitting a letter of resignation prior to a specified date based on employee classification.

Vision and Life Insurance Benefits

The School District provides dental insurance, vision insurance, and life insurance and accidental death and dismemberment insurance to most employees. Dental insurance is provided through Delta Dental, vision insurance is provided through Vision Service Plan, and life insurance is provided through Guardian Life Insurance.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2023, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Note 16 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2023 were as follows:

	Restated Amount Outstanding 06/30/22	Additions	Reductions	Amount Outstanding 06/30/23	Amount Due in One Year
Governmental Activities					
General Obligation Bonds					
from Direct Placement:					
2018 School Improvement Bonds	$270,000	$0	($41,000)	$229,000	$42,000
Net Pension Liability:					
SERS	4,093,837	2,144,755	0	6,238,592	0
STRS	16,892,824	11,442,793	0	28,335,617	0
Total Net Pension Liability	20,986,661	13,587,548	0	34,574,209	0
Net OPEB Liability - SERS	2,171,499	0	(521,391)	1,650,108	0
Financed Purchases Payable from Direct Borrowings	8,785	0	(1,436)	7,349	1,552
Leases Payable	108,051	20,914	(27,502)	101,463	27,075
Subscriptions Payable	27,029	351,008	(310,451)	67,586	39,065
Compensated Absences	1,669,351	338,417	(226,493)	1,781,275	238,625
Total Governmental Activities Long-Term Liabilities	$25,241,376	$14,297,887	($1,128,273)	$38,410,990	$348,317

On June 1, 2018, the School District issued $420,000 in general obligation bonds through direct placement for the purpose of paying costs of acquiring and installing boilers at the high school complex. The bonds were issued for a 10-year period with final maturity at June 1, 2028. Interest payments of 3.61 percent per annum are due on June 1 and December 1 of each year, until the principal amount is paid. The bonds are being retired through the permanent improvement fund.

Optional Redemption The bonds are subject to optional redemption prior to maturity at any time from June 1, 2018, through May 31, 2026, inclusive, at a redemption price equal to 101 percent of the principal amount redeemed, and from June 1, 2026, through June 1, 2028, inclusive, at 100 percent of the principal amount redeemed, in all cases including interest accrued to the redemption date as provided in and in accordance with the bond resolution.

There is no repayment schedule for the net pension liability and the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and the food service, juvenile attention, other local grants, summer school, athletics, auxiliary services, preschool, elementary and secondary school emergency relief, title VI-B, title III, title I, and preschool grants special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 13 and 14. Leases payable will be paid from the general fund. Subscriptions payable will be paid from the general fund and the title IV-A special revenue fund. Compensated absences will be paid from the general fund and the food service, juvenile attention, and auxiliary services special revenue funds.

During fiscal year 2022, the School District entered into a financed purchase agreement through direct borrowings for copiers in the amount of $8,900, to be paid from the summer school special revenue fund.

The School District's overall legal debt margin was $55,345,230 with an unvoted debt margin of $617,491 at June 30, 2023. Principal and interest requirements to retire general obligation debt outstanding at June 30, 2023, are as follows:

	General Obligation Bonds from Direct Placement		Financed Purchases from Direct Borrowings	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$42,000	$7,888	$1,552	$521
2025	44,000	6,354	1,678	395
2026	46,000	4,747	1,815	258
2027	48,000	3,069	1,962	111
2028	49,000	1,336	342	3
Total	$229,000	$23,394	$7,349	$1,288

The School District has outstanding agreements to lease copiers and a parking lot and also has various outstanding contracts to use a SBITA vendor's IT software, including courseware/digital curriculum and various other software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. A summary of the principal and interest amounts for the remaining leases/subscriptions are as follows:

	Leases Payable		Subscriptions Payable	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$27,075	$3,121	$39,065	$4,183
2025	27,890	2,305	28,521	1,765
2026	28,733	1,462	0	0
2027	6,450	833	0	0
2028	2,000	700	0	0
2029-2032	9,315	1,485	0	0
Total	$101,463	$9,906	$67,586	$5,948

Note 17 – Tax Anticipation Note

Note activity for the year ended June 30, 2023, was as follows:

	Amount Outstanding 06/30/22	Additions	Reductions	Amount Outstanding 06/30/23
Governmental Activities				
Tax Anticipation Note, Series 2022-2023				
6.19% Maturity 6/28/2023	$0	$2,500,000	($2,500,000)	$0

On January 12, 2023, the tax anticipation note was issued for the purpose of paying current expenses of the School District during the fiscal year, in anticipation of collecting current property tax revenues in and for fiscal year 2023. The note was backed by the full faith and credit of the School District and was paid from the general fund.

Note 18 – Set-Asides

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2022	$0
Current Year Set-Aside Requirement	625,788
Current Year Offsets	(484,978)
Qualifying Disbursements	(547,915)
Totals	($407,105)
Set-Aside Balance Carried Forward to Future Fiscal Years	$0
Set-Aside Balance as of June 30, 2023	$0

Although the School District had current year offsets and qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set-aside requirement of future years. The negative balance is therefore not presented as being carried forward to future years.

Note 19 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an education management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Jefferson, Monroe, Muskingum, Noble, and Tuscarawas counties. OME-RESA operates under the direction of a board of directors composed of one representative for each of the participating counties as well as an at-large member from the JVS and the Fiscal Advisory Committee. The superintendent or treasurer of the appointed fiscal agent is a standing member of the Board. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. During fiscal year 2023, the School District paid $134,053 to OME-RESA for various services. To obtain financial information, write to the Ohio Mid-Eastern Regional Education Service Agency, 2230 Sunset Boulevard Suite 2, Steubenville, Ohio 43952.

Buckeye Joint Vocational School District

The Buckeye Joint Vocational School District, which provides vocational education programs, is a distinct subdivision of the State of Ohio operated under a Board consisting of one representative from each of the eleven participating school districts' elected boards, which possessed its own budgeting and taxing authority. During fiscal year 2023, the School District paid $3,608 to Buckeye Joint Vocational School District for various items. To obtain financial information, write to Buckeye Joint Vocational School District, 545 University Drive NE, New Philadelphia, Ohio 44663.

Tuscarawas County Tax Incentive Review Council

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 55 members, consisting of 3 members appointed by the County Commissioners, 22 members appointed by municipal corporations, 18 members appointed by township trustees, 1 member from the County Auditor's office, and 11 members appointed by boards of education located within the County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority which approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2023, the School District made no payments to the TCTIRC.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization including numerous school districts in Ohio. The Coalition is operated by a Board which is composed of no more than nineteen members, not including ex-officio members. The board members are composed of the Dean of the College of Education and two additional members from Ohio University appointed by the Dean, one elected member from each of the eight multi-county regions, and eight additional members appointed by each of the elected members, one from each multi-county region. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The

Coalition provides various in-service for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The School District's membership fee was $325 for fiscal year 2023.

Note 20 – Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program

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

Portage Area School Consortium

The Portage Area School Consortium (the Consortium) is a regional council of governments established pursuant to Chapter 167 of the Ohio Revised Code, consisting of various school districts in the Portage County, Ohio area. The Consortium is a stand-alone entity, composed of two stand-alone pools, the Portage Area School Consortium Property and Casualty Pool and the Portage Area School Consortium Health and Welfare Insurance Pool. These pools were established by the Consortium on August 5, 1988, to provide property and casualty risk management services and risk sharing to its members. The pools were established as local government risk pools under Section 1744.081 of the Ohio Revised Code and are not subject to Federal tax filing requirements.

The Ohio Revised Code Section 167.04 requires the Consortium to adopt bylaws designating the officers of the Consortium and their method of selection, creating a governing body to act for the Consortium, appointing a fiscal officer, and providing for the conduct of the Consortium's business. The Assembly is the legislative and managerial body of the Consortium. The Assembly is composed of representation of the member schools. The member school's governing body appoints one representative to the Consortium (usually the superintendent or designee). In the case of a member that is a school district, that representative shall be an executive appointed by the board of education. The Assembly serves without compensation.

Note 21 – Contingent Liabilities

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

School Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 are finalized, and a receivable has been recorded on the financial statements.

Litigation

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

Note 22 – Significant Commitments

Contractual Commitments

The School District had the following contractual commitments outstanding at June 30, 2023:

Project	Contract Amount	Amount Paid	Remaining on Contract
Central Library Wall	$6,000	$0	$6,000
Quaker Dome Floor	326,000	163,000	163,000
High School Boiler Project	2,361,613	1,235,495	1,126,118
New Maintenance Garage	878,685	752,395	126,290
South Fence	5,870	0	5,870
Staley Card Readers/Cameras	53,959	0	53,959
High School Gym Bathroom Remodel	2,569	0	2,569
New Phone System	158,170	0	158,170
Total	$3,792,866	$2,150,890	$1,641,976

The remaining commitment amounts were encumbered at fiscal year end. Accounts payable of $162,149 and contracts payable of $259,370 have been capitalized.

Encumbrances

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

General	$306,036
Other Governmental Funds	2,147,671
Total	$2,453,707

Note 23 – Related Party Transactions

Quaker Digital Academy

In fiscal year 2023, the Quaker Digital Academy paid the School District $552,013 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Quaker Preparatory Academy

In fiscal year 2023, the Quaker Preparatory Academy paid the School District $137,191 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Note 24 – COVID-19

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

Note 25 – Quaker Digital Academy

The Quaker Digital Academy (the Academy) has been determined to be a discrete component unit, as the School District is able to impose its will on the Academy, and due to the Academy's relationship with the School District, it would be misleading to exclude the Academy. Therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Digital Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Basis of Presentation

The Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position. The Academy uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes includes special education, educational improvements, school safety, and unclaimed monies.

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

Leases/Subscriptions Payable

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

The Academy is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the Academy initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt.

Compensated Absences

The Academy reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Academy has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Academy's termination policy.

Pensions/Other Postemployment Benefits (OPEB)

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

Changes in Accounting Principles and Restatement of Net Position

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

GASB 91 clarifies 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 Academy did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Academy did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the Academy's 2023 financial statements. The Academy recognized $209,704 in subscriptions payable at July 1, 2022, which was offset by the subscription asset. The Academy also recognized $11,619 in development in progress for payments made in the previous fiscal year prior to the beginning of the subscription term.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

The implementation of GASB 96 had the following effect on net position as reported June 30, 2022:

Net Position at June 30, 2022	($761,647)
Adjustments:	
Nondepreciable Capital Assets	11,619
Depreciable Capital Assets, Net	209,704
Subscriptions Payable	(209,704)
Restated Net Position at June 30, 2022	($750,028)

Deposits and Investments

At fiscal year end, the carrying amount of the Academy's deposits was $89,603, and the bank balance was $95,070. Protection of the Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

As of June 30, 2023, the Academy had $4,829,386 invested in a repurchase agreement, which was measured at cost and had a daily maturity.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the 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.

Credit Risk The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

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

Related Party Transactions

In fiscal year 2023, the Academy paid the School District $552,013 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Capital Assets

All capital assets (except for intangible right to use lease assets and subscription assets, which are discussed subsequently) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Tangible Assets	
Furniture and Equipment	5-20 years
Vehicles	10 years
Intangible Right to Use Lease Assets	
Intangible Right to Use - Buildings	2-10 years
Intangible Right to Use - Equipment	5 years
Intangible Right to Use Subscription Assets	
Intangible Right to Use - Software	2-5 years

The Academy is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

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

	Restated Balance 6/30/22	Additions	Reductions	Balance 6/30/23
Nondepreciable Capital Assets				
Development in Progress	$11,619	$10,942	($22,561)	$0
Depreciable Capital Assets				
Tangible Assets				
Furniture and Equipment	72,820	11,125	0	83,945
Vehicles	69,448	0	0	69,448
Total Tangible Assets	142,268	11,125	0	153,393
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Buildings	699,250	0	0	699,250
Intangible Right to Use - Equipment	7,814	0	0	7,814
Total Lease Assets	707,064	0	0	707,064
Subscription Assets				
Intangible Right to Use - Software	209,704	309,167	0	518,871
Total Intangible Right to Use Assets	916,768	309,167	0	1,225,935
Total Depreciable Capital Assets	1,059,036	320,292	0	1,379,328
Less Accumulated Depreciation/Amortization				
Depreciation				
Furniture and Equipment	(67,183)	(1,960)	0	(69,143)
Vehicles	(53,253)	(4,505)	0	(57,758)
Total Depreciation	(120,436)	(6,465)	0	(126,901)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Buildings	(97,292)	(97,292)	0	(194,584)
Intangible Right to Use - Equipment	0	(1,563)	0	(1,563)
Total Lease Assets	(97,292)	(98,855)	0	(196,147)
Subscription Assets				
Intangible Right to Use - Software	0	(167,100)	0	(167,100)
Total Amortization	(97,292)	(265,955)	0	(363,247)
Total Accumulated Depreciation/Amortization	(217,728)	(272,420)	0	(490,148)
Total Depreciable Capital Assets, Net	841,308	47,872	0	889,180
Total Capital Assets, Net	$852,927	$58,814	($22,561)	$889,180

Defined Benefit Pension Plans

The Academy's contractually required contribution to SERS was $70,886 for fiscal year 2023. Of this amount $2,474 is reported as an intergovernmental payable. The Academy's contractually required contribution to STRS was $227,181 for fiscal year 2023. Of this amount $18,833 is reported as an intergovernmental payable.

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 Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01431280%	0.01123418%	
Prior Measurement Date	0.01687720%	0.01195171%	
Change in Proportionate Share	-0.00256440%	-0.00071753%	
Proportionate Share of the Net Pension Liability	$774,148	$2,497,372	$3,271,520
Pension Expense	$5,207	$198,314	$203,521

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$31,354	$31,970	$63,324
Changes of assumptions	7,639	298,860	306,499
Net difference between projected and actual earnings on pension plan investments	0	86,903	86,903
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	5,004	17,865	22,869
Academy contributions subsequent to the measurement date	70,886	227,181	298,067
Total Deferred Outflows of Resources	$114,883	$662,779	$777,662
Deferred Inflows of Resources			
Differences between expected and actual experience	$5,082	$9,553	$14,635
Changes of assumptions	0	224,956	224,956
Net difference between projected and actual earnings on pension plan investments	27,014	0	27,014
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	95,562	321,400	416,962
Total Deferred Inflows of Resources	$127,658	$555,909	$683,567

$298,067 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($40,303)	($84,098)	($124,401)
2025	(49,662)	(116,690)	(166,352)
2026	(38,590)	(172,796)	(211,386)
2027	44,894	253,273	298,167
Total	($83,661)	($120,311)	($203,972)

Sensitivity of the Academy'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 related to SERS calculated using the discount rate of 7.00 percent, 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 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$1,139,508	$774,148	$466,336

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$3,772,620	$2,497,372	$1,418,907

Defined Benefit OPEB Plans

For fiscal year 2023, the Academy's surcharge obligation was $2,279. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $2,279 for fiscal year 2023, which is reported as an intergovernmental payable. For fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to postemployment health care.

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.01351210%	0.01123418%	
Prior Measurement Date	0.01673530%	0.01195171%	
Change in Proportionate Share	-0.00322320%	-0.00071753%	
Proportionate Share of the:			
Net OPEB Liability	$189,711	$0	$189,711
Net OPEB (Asset)	$0	($290,890)	($290,890)
OPEB Expense	($17,163)	($45,411)	($62,574)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$1,595	$4,217	$5,812
Changes of assumptions	30,176	12,391	42,567
Net difference between projected and actual earnings on OPEB plan investments	986	5,064	6,050
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	12,144	9,072	21,216
Academy contributions subsequent to the measurement date	2,279	0	2,279
Total Deferred Outflows of Resources	$47,180	$30,744	$77,924
Deferred Inflows of Resources			
Differences between expected and actual experience	$121,353	$43,686	$165,039
Changes of assumptions	77,878	206,269	284,147
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	87,484	1,312	88,796
Total Deferred Inflows of Resources	$286,715	$251,267	$537,982

$2,279 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($42,357)	($59,709)	($102,066)
2025	(46,224)	(65,694)	(111,918)
2026	(45,013)	(30,764)	(75,777)
2027	(33,635)	(13,044)	(46,679)
2028	(26,582)	(17,044)	(43,626)
Thereafter	(48,003)	(34,268)	(82,271)
Total	($241,814)	($220,523)	($462,337)

Sensitivity of the Academy'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 related to SERS and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Academy's proportionate share of the net OPEB liability	$235,624	$189,711	$152,647

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Academy's proportionate share of the net OPEB liability	$146,301	$189,711	$246,412

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates The following table represents the net OPEB asset related to STRS as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net OPEB (asset)	($268,920)	($290,890)	($309,709)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB (asset)	($301,724)	($290,890)	($277,215)

Long-Term Obligations

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

The changes in the Academy's long-term obligations during fiscal year 2023 were as follows:

	Restated Amount Outstanding 06/30/22	Additions	Reductions	Amount Outstanding 06/30/23	Amount Due in One Year
Intergovernmental Payable:					
Fiscal Year 2016 FTE Agreement	$995,925	$0	($331,975)	$663,950	$331,975
Leases Payable	613,904	0	(97,458)	516,446	77,347
Subscriptions Payable	209,704	297,548	(173,740)	333,512	163,914
Compensated Absences	135,065	125,698	(127,098)	133,665	125,539
Net Pension Liability:					
SERS	622,720	151,428	0	774,148	0
STRS	1,528,133	969,239	0	2,497,372	0
Total Net Pension Liability	2,150,853	1,120,667	0	3,271,520	0
Net OPEB Liability - SERS	316,729	(127,018)	0	189,711	0
Total Long-Term Liabilities	$4,422,180	$1,416,895	($730,271)	$5,108,804	$698,775

On February 20, 2019, the Academy and the State Board of Education reached an agreement to settle the Academy's appeal of the Ohio Department of Education's FTE review determination for fiscal year 2016. The agreement resulted in the Academy owing $1,991,850 to the State Board of Education, which is being repaid through equal monthly Foundation deductions in fiscal years 2020 through 2025.

The Academy has outstanding agreements to lease office space and a postage meter and also has various outstanding contracts to use a SBITA vendor's IT software, including courseware and other software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the Academy's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

	Leases		Subscriptions	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$77,347	$3,467	$163,914	$20,644
2025	72,400	2,600	55,242	10,498
2026	66,776	2,085	55,462	7,079
2027	67,224	1,637	58,894	3,646
2028	67,116	1,205	0	0
2029-2031	165,583	1,234	0	0
	$516,446	$12,228	$333,512	$41,867

The Academy has also committed to another lease for office space. This will be recorded on the Academy's financial statements in fiscal year 2024 upon commencement of the lease term.

Relationship with Quaker Preparatory Academy

The Quaker Digital Academy and the Quaker Preparatory Academy Board of Directors are composed of the same individuals and share the same Sponsor, New Philadelphia City School District. Quaker Preparatory Academy utilizes office space in a building in which rent and related utilities are paid exclusively by Quaker Digital Academy. Additionally, employees paid exclusively by Quaker Digital Academy are also utilized by Quaker Preparatory Academy. The amount of the purchased services, excluding building rent, paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately $19,888 for fiscal year 2023, and this amount has been classified as intergovernmental expense on the financial statements. Rent and salaries paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately $15,832 and $51,228, respectively, for fiscal year 2023.

Note 26 – Quaker Preparatory Academy

The Quaker Preparatory Academy (the Academy) has been determined to be a discrete component unit, as the School District is able to impose its will on the Academy, and due to the Academy's relationship with the School District, it would be misleading to exclude the Academy. Therefore, it has been included as part of the School District's basic financial statements. The Academy issues a publicly available, stand-alone financial report that includes financial statements and supplementary information. That report may be obtained by writing to Quaker Preparatory Academy, 248 Front Avenue SW, New Philadelphia, Ohio 44663.

Basis of Presentation

The Academy is accounted for using a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows are included on the statement of net position. The Academy uses the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources related to pension and OPEB plans are reported on the statement of net position.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through either external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted net position for an OPEB plan represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes includes student wellness and success and career technical education.

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

Leases/Subscriptions Payable

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

The Academy is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the Academy initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets, and subscription payables are reported with long-term debt.

Compensated Absences

The Academy reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Academy will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Academy has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Academy's termination policy.

Pensions/Other Postemployment Benefits (OPEB)

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

Changes in Accounting Principles and Restatement of Net Position

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

GASB 91 clarifies 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 Academy did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The Academy did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the Academy's 2023 financial statements. The Academy recognized $4,942 in development in progress for payments made in the previous fiscal year prior to the beginning of the subscription term.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

The implementation of GASB 96 had the following effect on net position as reported June 30, 2022:

Net Position at June 30, 2022	$503,987
Adjustments:	
Nondepreciable Capital Assets	4,942
Restated Net Position at June 30, 2022	$508,929

Deposits and Investments

At fiscal year end, the carrying amount of the Academy's deposits was $19,279 and the bank balance was $19,927. Protection of the Academy's deposits is provided by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

As of June 30, 2023, the Academy had $917,462 invested in a repurchase agreement, which was measured at cost and had a daily maturity.

Interest Rate Risk Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Academy's investment policy addresses interest rate risk by requiring the Academy's investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. Repurchase agreements shall not exceed 30 days.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Academy will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement is exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The Academy has no investment policy dealing with the 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.

Credit Risk The Academy has no investment policy dealing with investment credit risk beyond the requirement of State statute.

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

Related Party Transactions

In fiscal year 2023, the Academy paid the School District $137,191 for services provided by the School District to the Academy, as well as insurance premiums paid by the School District for the Academy.

Capital Assets

All capital assets (except for intangible right to use lease assets and subscription assets, which are discussed subsequently) are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimated Lives
Tangible Assets	
Furniture and Equipment	5-20 years
Intangible Right to Use Lease Assets	
Intangible Right to Use - Buildings	4 years
Intangible Right to Use Subscription Assets	
Intangible Right to Use - Software	2-3 years

The Academy is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include buildings and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

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

	Restated Balance 6/30/22	Additions	Reductions	Balance 6/30/23
Nondepreciable Capital Assets				
Development in Progress	4,942	4,654	(9,596)	0
Depreciable Capital Assets				
Tangible Assets				
Furniture and Equipment	6,517	0	0	6,517
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Buildings	43,983	0	0	43,983
Subscription Assets				
Intangible Right to Use - Software	0	17,894	0	17,894
Total Intangible Assets	43,983	17,894	0	61,877
Total Depreciable Capital Assets	50,500	17,894	0	68,394
Less Accumulated Depreciation/Amortization				
Depreciation				
Furniture and Equipment	(652)	(651)	0	(1,303)
Amortization				
Lease Assets				
Intangible Right to Use - Buildings	(10,996)	(10,996)	0	(21,992)
Subscription Assets				
Intangible Right to Use - Software	0	(7,062)	0	(7,062)
Total Amortization	(10,996)	(18,058)	0	(29,054)
Total Accumulated Depreciation/Amortization	(11,648)	(18,709)	0	(30,357)
Total Depreciable Capital Assets, Net	38,852	(815)	0	38,037
Total Capital Assets, Net	$43,794	$3,839	($9,596)	$38,037

Defined Benefit Pension Plans

The Academy's contractually required contribution to SERS was $11,536 for fiscal year 2023. Of this amount $134 is reported as an intergovernmental payable. The Academy's contractually required contribution to STRS was $51,608 for fiscal year 2023. Of this amount $6,737 is reported as an intergovernmental payable.

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 Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.00262780%	0.00259739%	
Prior Measurement Date	0.00123660%	0.00126863%	
Change in Proportionate Share	0.00139120%	0.00132876%	
Proportionate Share of the Net Pension Liability	$142,132	$577,404	$719,536
Pension Expense	$49,129	$180,992	$230,121

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$5,756	$7,392	$13,148
Changes of assumptions	1,402	69,098	70,500
Net difference between projected and actual earnings on pension plan investments	0	20,092	20,092
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	52,106	295,103	347,209
Academy contributions subsequent to the measurement date	11,536	51,608	63,144
Total Deferred Outflows of Resources	$70,800	$443,293	$514,093
Deferred Inflows of Resources			
Differences between expected and actual experience	$933	$2,209	$3,142
Changes of assumptions	0	52,011	52,011
Net difference between projected and actual earnings on pension plan investments	4,960	0	4,960
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	0	2,516	2,516
Total Deferred Inflows of Resources	$5,893	$56,736	$62,629

$63,144 reported as deferred outflows of resources related to pension resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$27,191	$115,254	$142,445
2025	25,025	111,849	136,874
2026	(7,086)	49,287	42,201
2027	8,241	58,559	66,800
Total	$53,371	$334,949	$388,320

Sensitivity of the Academy'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 related to SERS calculated using the discount rate of 7.00 percent, 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 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$209,211	$142,132	$85,618

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net pension liability	$872,246	$577,404	$328,057

Defined Benefit OPEB Plans

For fiscal year 2023, the Academy's surcharge obligation was $913. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contractually required contribution to SERS was $913 for fiscal year 2023, which is reported as an intergovernmental payable. For fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to postemployment health care.

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.00250360%	0.00259739%	
Prior Measurement Date	0.00111940%	0.00126863%	
Change in Proportionate Share	0.00138420%	0.00132876%	
Proportionate Share of the:			
Net OPEB Liability	$35,151	$0	$35,151
Net OPEB (Asset)	$0	($67,255)	($67,255)
OPEB Expense	$7,150	($11,998)	($4,848)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$295	$975	$1,270
Changes of assumptions	5,591	2,865	8,456
Net difference between projected and actual earnings on OPEB plan investments	183	1,171	1,354
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	50,243	1,207	51,450
Academy contributions subsequent to the measurement date	913	0	913
Total Deferred Outflows of Resources	$57,225	$6,218	$63,443
Deferred Inflows of Resources			
Differences between expected and actual experience	$22,485	$10,100	$32,585
Changes of assumptions	14,430	47,690	62,120
Changes in proportionate share and difference between Academy contributions and proportionate share of contributions	430	1,055	1,485
Total Deferred Inflows of Resources	$37,345	$58,845	$96,190

$913 reported as deferred outflows of resources related to OPEB resulting from Academy contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$2,481	($15,301)	($12,820)
2025	2,541	(15,067)	(12,526)
2026	3,376	(7,064)	(3,688)
2027	3,063	(2,853)	210
2028	1,936	(4,084)	(2,148)
Thereafter	5,570	(8,258)	(2,688)
Total	$18,967	($52,627)	($33,660)

Sensitivity of the Academy'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 related to SERS and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Academy's proportionate share of the net OPEB liability	$43,658	$35,151	$28,283

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Academy's proportionate share of the net OPEB liability	$27,108	$35,151	$45,657

Sensitivity of the Academy's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates The following table represents the net OPEB asset related to STRS as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Academy's proportionate share of the net OPEB (asset)	($62,176)	($67,255)	($71,606)

	1% Decrease	Current Trend Rate	1% Increase
Academy's proportionate share of the net OPEB (asset)	($69,760)	($67,255)	($64,093)

Long-Term Obligations

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

The changes in the Academy's long-term obligations during fiscal year 2023 were as follows:

	Amount Outstanding 06/30/22	Additions	Reductions	Amount Outstanding 06/30/23	Amount Due in One Year
Lease Payable	$33,562	$0	($10,795)	$22,767	$11,183
Subscriptions Payable	0	12,952	(3,200)	9,752	6,738
Compensated Absences	6,632	6,637	(5,981)	7,288	6,170
Net Pension Liability:					
SERS	45,627	96,505	0	142,132	0
STRS	162,205	415,199	0	577,404	0
Total Net Pension Liability	207,832	511,704	0	719,536	0
Net OPEB Liability - SERS	21,186	13,965	0	35,151	0
Total Long-Term Liabilities	$269,212	$545,258	($19,976)	$794,494	$24,091

The Academy has an outstanding agreement with their Sponsor, New Philadelphia City School District, to lease space in the administrative building. The Academy also has various outstanding contracts to use a SBITA vendor's IT software, including courseware and other software. The future lease/subscription payments were discounted based on the interest rate implicit in the lease/subscription or using the Academy's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease/subscription. A summary of the principal and interest amounts for the remaining lease/subscriptions is as follows:

	Lease		Subscriptions	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$11,183	$817	$6,738	$604
2025	11,584	416	3,014	186
	$22,767	$1,233	$9,752	$790

Relationship with Quaker Digital Academy

The Quaker Digital Academy and the Quaker Preparatory Academy Board of Directors are composed of the same individuals and share the same Sponsor, New Philadelphia City School District. Quaker Preparatory Academy utilizes office space in a building in which rent and related utilities are paid exclusively by Quaker Digital Academy. Additionally, employees paid exclusively by Quaker Digital Academy are also utilized by Quaker Preparatory Academy. The amount of the purchased services, excluding building rent, paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately $19,888 for fiscal year 2023; this amount has been recorded on the financial statements as contributions and donations non-operating revenue and purchased services operating expense. Rent and salaries paid by Quaker Digital Academy and benefiting Quaker Preparatory Academy totaled approximately $15,832 and $51,228, respectively, for fiscal year 2023.

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Required Supplementary Information

New Philadelphia City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.11534200%	0.11095280%	0.11768340%	0.11648830%
School District's Proportionate Share of the Net Pension Liability	$6,238,592	$4,093,837	$7,783,828	$6,969,699
School District's Covered Payroll	$4,198,693	$4,054,143	$3,998,286	$4,115,630
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	148.58%	100.98%	194.68%	169.35%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.12011700%	0.11034270%	0.11057230%	0.10761540%	0.10779300%	0.10779300%
$6,879,323	$6,592,733	$8,092,872	$6,140,639	$5,455,342	$6,410,103
$3,970,489	$3,637,186	$3,439,007	$3,353,579	$3,132,244	$4,781,676
173.26%	181.26%	235.33%	183.11%	174.17%	134.06%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

New Philadelphia City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.11752820%	0.11473740%	0.12186620%	0.11969640%
School District's Proportionate Share of the Net OPEB Liability	$1,650,108	$2,171,499	$2,648,551	$3,010,113
School District's Covered Payroll	$4,198,693	$4,054,143	$3,998,286	$4,115,630
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.30%	53.56%	66.24%	73.14%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

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

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.12169030%	0.11174770%	0.11166320%
$3,376,018	$2,999,015	$3,182,814
$3,970,489	$3,637,186	$3,439,007
85.03%	82.45%	92.55%
13.57%	12.46%	11.49%

New Philadelphia City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.12746494%	0.13212074%	0.13088701%	0.12978737%
School District's Proportionate Share of the Net Pension Liability	$28,335,617	$16,892,824	$31,669,999	$28,701,697
School District's Covered Payroll	$16,631,579	$16,351,671	$15,912,071	$15,287,257
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.37%	103.31%	199.03%	187.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.13004458%	0.12633603%	0.12679097%	0.12198757%	0.12320180%	0.12320180%
$28,593,883	$30,011,395	$42,440,760	$33,713,796	$29,966,941	$35,696,425
$14,878,821	$13,966,664	$13,455,886	$13,338,414	$12,561,894	$14,026,523
192.18%	214.88%	315.41%	252.76%	238.55%	254.49%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

New Philadelphia City School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability

State Teachers Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Asset/Liability	0.12746494%	0.13212074%	0.13088701%	0.12978737%
School District's Proportionate Share of the:				
Net OPEB Asset	$3,300,492	$2,785,657	$2,300,337	$2,149,590
Net OPEB Liability	0	0	0	0
School District's Covered Payroll	$16,631,579	$16,351,671	$15,912,071	$15,287,257
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	(19.84%)	(17.04%)	(14.46%)	(14.06%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%

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

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.13004458%	0.12633603%	0.12679097%
$2,089,684	$0	$0
0	4,929,166	6,780,814
$14,878,821	$13,966,664	$13,455,886
(14.04%)	35.29%	50.39%
176.00%	47.10%	37.30%

New Philadelphia City School District

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

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$640,828	$587,817	$567,580	$559,760
Contributions in Relation to the Contractually Required Contribution	(640,828)	(587,817)	(567,580)	(559,760)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$4,577,343	$4,198,693	$4,054,143	$3,998,286
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$85,909	$74,655	$75,234	$77,090
Contributions in Relation to the Contractually Required Contribution	(85,909)	(74,655)	(75,234)	(77,090)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.88%	1.78%	1.86%	1.93%
Total Contributions as a Percentage of Covered Payroll (2)	15.88%	15.78%	15.86%	15.93%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$555,610	$536,016	$509,206	$481,461	$442,002	$434,129
(555,610)	(536,016)	(509,206)	(481,461)	(442,002)	(434,129)
$0	$0	$0	$0	$0	$0
$4,115,630	$3,970,489	$3,637,186	$3,439,007	$3,353,579	$3,132,244
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$95,131	$84,846	$59,866	$54,830	$81,693	$56,533
(95,131)	(84,846)	(59,866)	(54,830)	(81,693)	(56,533)
$0	$0	$0	$0	$0	$0
2.31%	2.14%	1.65%	1.59%	2.44%	1.80%
15.81%	15.64%	15.65%	15.59%	15.62%	15.66%

New Philadelphia City School District

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

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$2,381,608	$2,328,421	$2,289,234	$2,227,690
Contributions in Relation to the Contractually Required Contribution	(2,381,608)	(2,328,421)	(2,289,234)	(2,227,690)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$17,011,486	$16,631,579	$16,351,671	$15,912,071
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Asset/Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$2,140,216	$2,083,035	$1,955,333	$1,883,824	$1,867,378	$1,633,046
(2,140,216)	(2,083,035)	(1,955,333)	(1,883,824)	(1,867,378)	(1,633,046)
$0	$0	$0	$0	$0	$0
$15,287,257	$14,878,821	$13,966,664	$13,455,886	$13,338,414	$12,561,894
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$125,619
0	0	0	0	0	(125,619)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

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

Changes in Assumptions – STRS

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

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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

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

Changes in Benefit Terms – STRS

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

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

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

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

Changes in Benefit Terms – STRS

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

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

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

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

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

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

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NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education and Workforce				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
School Breakfast Program	10.553	N/A	-	$12,283
National School Lunch Program	10.555	N/A	-	73,914
Non-Cash Assistance Subtotal			-	86,197
Cash Assistance:				
School Breakfast Program	10.553	N/A		183,920
National School Lunch Program	10.555	N/A		566,123
Cash Assistance Subtotal			-	750,043
Cash Assistance COVID-19:				
COVID-19 National School Lunch Program	10.555	N/A		113,195
Cash Assistance COVID-19 Subtotal			-	113,195
Total Child Nutrition Cluster			-	949,435
Pandemic EBT Administrative Costs	10.649	N/A	-	3,135
Total U.S. Department of Agriculture			**-**	**952,570**
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Office of Budget and Management				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	N/A	-	22,550
Total U.S. Department of Treasury			**-**	**22,550**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education and Workforce				
Title I Grants to Local Educational Agencies	84.010	S010A210035	-	109,774
		S010A220035	$28,560	674,068
Total Title I Grants to Local Educational Agencies			28,560	783,842
Special Education Cluster (IDEA):				
Special Education - Grants to State (IDEA, Part B)	84.027	H027A210111	-	60,125
Special Education - Grants to State (IDEA, Part B)	84.027	H027A220111	-	678,596
COVID-19 American Rescue Plan IDEA Part B Special Education	84.027X	H027X210111	-	79,971
Total Special Education - Grants to State (IDEA, Part B)			-	818,692
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A210119	-	3,761
Special Education - Preschool Grants (IDEA Preschool)	84.173	H173A220119	-	27,377
COVID-19 American Rescue Plan IDEA Early Childhood Special Education	84.173X	H173X210119	-	7,381
Total Special Education - Preschool Grants (IDEA Preschool)			-	38,519
Total Special Education Cluster (IDEA)			-	857,211
English Language Acquisition State Grants	84.365	S365A210035	-	23,111
	84.365	S365A220035	-	70,437
			-	93,548
Supporting Effective Instruction State Grant	84.367	S367A210034	-	62,210
	84.367	S367A220034	-	78,930
			-	141,140
Student Support and Academic Enrichment Program	84.424	S424A220036	-	54,294
Education Stablization Fund				
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	S425D200035	-	3,046
COVID-19 Elementary and Secondary School Emergency Relief	84.425D	S425D210035	-	874,233
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	S425U210035	-	469,625
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	S425U210035	-	1,006,518
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	S425W210036	-	18,667
Total Education Stablization Fund			-	2,372,089
Total U.S. Department of Education			**28,560**	**4,302,124**
Total Expenditures of Federal Awards			**$28,560**	**$5,277,244**

The accompanying notes are an integral part of this schedule.

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NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District passes certain federal awards received from the Ohio Department of Education and Workforce (DEW) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

The School District reports commodities consumed on the Schedule at the entitlement value. The School District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE G - MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE H - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number		Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$	75,569
Special Education - Grants to State (IDEA, Part B)	84.027	$	179,659
Special Education - Preschool Grants (IDEA Preschool)	84.173	$	6,553
English Language Acquisition State Grants	84.365	$	53,136
Supporting Effective Instruction State Grant	84.367	$	48,297
Student Support and Academic Enrichment Program	84.424	$	6,825
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	$	1,044,802
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	$	51,693

OHIO AUDITOR OF STATE
KEITH FABER

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the discretely presented component units, the major fund, and the aggregate remaining fund information of the New Philadelphia City School District, Tuscarawas County, (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 5, 2024, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, resulting in a restatement of net position at June 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

September 5, 2024

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

New Philadelphia City School District
Tuscarawas County
248 Front Avenue, SW
New Philadelphia, Ohio 44663

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited New Philadelphia City School District's, Tuscarawas County, (School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of New Philadelphia City School District's major federal programs for the year ended June 30, 2023. New Philadelphia City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on the Education Stabilization Fund Program

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, New Philadelphia City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund Program for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, New Philadelphia City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund Program

As described in Finding 2023-001 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding Special Tests and Provisions – Wage Rate Requirements applicable to its AL #84.425D, 84.425U, and 84.425W Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the School District to comply with requirements applicable to that program.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The School District's basic financial statements include the operations of Quaker Digital Academy and Quaker Preparatory Academy, which expended $800,901 and $320,451, respectively, in federal awards which are not included in the School District's Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. Our compliance audit, described in the "Qualified and Unmodified Opinions" section, does not include the operations of Quaker Digital Academy and Quaker Preparatory Academy because the component units are legally separate from the primary government which this report addresses.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

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

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the noncompliance finding identified in our compliance audit described in the accompanying Corrective Action Plan. The School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying *Schedule of Findings* as item 2023-001 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2023-002, to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School District's responses to the internal control over compliance Findings identified in our audit described in the accompanying Corrective Action Plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 5, 2024

NEW PHILADELPHIA CITY SCHOOL DISTRICT
TUSCARAWAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion** • Title 1 Grants to Local Educational Agencies, AL #84.010 – Unmodified • Special Education Cluster (IDEA), AL #84.027, 84.027X, 84.173, 84.173X – Unmodified • Education Stabilization Fund, AL# 84.425D, 84.425U, 84.425W – Qualified	
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):** • Title 1 Grants to Local Educational Agencies, AL #84.010 • Special Education Cluster (IDEA), AL #84.027, 84.027X, 84.173, 84.173X • Education Stabilization Fund, AL# 84.425D, 84.425U, 84.425W	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

1. Special Tests and Provisions – Wage Rate Requirements

Finding Number:	**2023-001**
Assistance Listing Number and Title:	**AL # 84.425D, 84.425U, 84.425W Education Stabilization Fund**
Federal Award Identification Number / Year:	**S425D200035, S425D210035, S425U210035, S425W210036**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Wage Rate Requirements**
Pass-Through Entity:	**Ohio Department of Education and Workforce**
Repeat Finding from Prior Audit?	**Yes**
Prior Audit Finding Number:	**2022-002**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for **Appendix II to 2 C.F.R. § 200** which states that, in addition to other provisions required by the Federal agency or non-Federal entity, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following, as applicable:

(D)Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 C.F.R. Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

29 C.F.R. § 5.5(a)(3)(ii)(A) provides, in part, that the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The required weekly payroll information may be submitted in any form desired. Optional Form WH–347 is available for this purpose from the Wage and Hour Division Web site at http://www.dol.gov/esa/whd/forms/wh347instr.htm or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. **29 C.F.R. § 5.5(a)(3)(ii)(B)** requires each payroll submitted be accompanied by a "Statement of Compliance," signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract.

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2023-001 (Continued)

1. <u>Special Tests and Provisions – Wage Rate Requirements</u> (Continued)

29 C.F.R. § 5.6 states that furthermore, no payment, advance, grant, loan, or guarantee of funds shall be approved by the Federal agency after the beginning of construction unless there is on file with the agency a certification by the contractor that the contractor and its subcontractors have complied with the provisions of § 5.5 or unless there is on file with the agency a certification by the contractor that there is a substantial dispute with respect to the required provisions.

The School District had eight construction projects paid with Elementary and Secondary School Emergency Relief Funds. Two projects were selected for testing, and the following items were noted in regards to prevailing wages with these projects:

- Boiler and HVAC Phase III Project – This project involved four subcontractors that performed worked during the fiscal year. However, the School District only received prevailing wage documentation for two of the four subcontractors;
- South Boiler Project – The School District received prevailing wage documentation for the primary contractor; however, two subcontractors were utilized, and the School District did not receive prevailing wage documentation for them.

The School District should implement procedures to ensure that all weekly payroll certification reports are received from the contractors and subcontractors. The School District should also review these reports to ensure that prevailing wages are properly paid. Additionally, the School District should ensure that all contractors and subcontractors are notified that prevailing wages must be paid as required by this compliance requirement.

Officials' Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS (Continued)

2. Equipment

Finding Number:	**2023-002**
Assistance Listing Number and Title:	**AL # 84.425D, 84.425U, 84.425W Education Stabilization Fund**
Federal Award Identification Number / Year:	**S425D200035, S425D210035, S425U210035, S425W210036**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Section F – Equipment and Real Property Management**
Pass-Through Entity:	**Ohio Department of Education and Workforce**
Repeat Finding from Prior Audit?	**No**

Significant Deficiency

Sound accounting practices include the implementation of control procedures designed to prevent, detect and correct errors in financial statement or compliance reporting. This includes a system to track assets purchased from Federal funds that documents who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

The School District purchased 134 assets with Elementary and Secondary School Emergency Relief Funds (ESSER), which is part of the Education Stabilization Fund, Assistance Listing 84.425. Three out of 134, or 2.24%, were either not tracked within the School District inventory management system or were tracked with the incorrect Federal participation percentage. This could result in assets not being tracked which increases the risk of misappropriation. In addition, tracking assets at the incorrect Federal participation rate could result improper disposal outside of Federal requirements.

The School District should implement procedures to ensure that all assets are properly accounted for within their inventory system, and that all Federal reporting requirements are performed and documented within the system. This will help to mitigate risks of misappropriation, with other inventory controls being implemented, and ensure that all assets include proper documentation.

Officials' Response: See Corrective Action Plan.

New Philadelphia
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248 Front Avenue SW | New Philadelphia, OH 44663-2150
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SUPERINTENDENT
Amy Wentworth

ASSISTANT SUPERINTENDENT
Jeffery Williams

TREASURER
Julie A. Erwin, CPA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
June 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Maintaining documentation of physical inventory	Corrected	All documents are maintained based on the retention schedule.
2022-002	Prevailing Wage Reports	Corrected	The CM forgot to send two of the contractors prevailing wage forms. The CM is aware and will send all of them in the future.

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TREASURER
Julie A. Erwin, CPA

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	Wage Rate Requirements
Anticipated Completion Date:	07/01/2023
Responsible Contact Person:	Julie Erwin

The District will check all prevailing wage rates for all contractors that work on projects that are governed by the Davis Bacon Act. All Davis Bacon projects will include a list of contractors on the project to ensure completeness of the Prevailing Wage Reports.

Finding Number:	2023-002
Planned Corrective Action:	Equipment and Real Property Management
Anticipated Completion Date:	07/01/2023
Responsible Contact Person:	Julie Erwin

All assets will be checked after entry into the inventory system to ensure that the correct account code is input into the inventory system. We will compare the coding on the inventory item to the purchase order that ties to the item. The person checking the code will place a check mark and initial the inventory item packet once complete. This will also ensure the proper management of the inventory asset for disposition and deletion.

OHIO AUDITOR OF STATE
KEITH FABER

NEW PHILADELPHIA CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 9/19/2024

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