COVENTRY LOCAL
SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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Members of the Board of Education
Coventry Local School District
3257 Cormany Road
Akron, OH 44319

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 29, 2024

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COVENTRY LOCAL SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

Coventry Local School District
Summit County
3257 Cormany Road
Akron, Ohio 44319

To the Members of the Board of Education:

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coventry Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Coventry Local School District as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis 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, 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 February 28, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

February 28, 2024

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The discussion and analysis of Coventry Local School District's (the "School District") 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 financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Total governmental funds had an increase in fund balance due to the increase in revenues, primarily an increase in property taxes and intergovernmental revenues. The increase in intergovernmental revenues was primarily due to the foundation funding changes and an increase in food services funding resulting from Federal COVID-19 relief funding.

- In November 2022, Moody's completed a review of the School District's credit rating. As a result, the School District rating increased from Baa3 to Baa2 with a positive outlook. Based on the district's positive outlook, Moody's reviewed the School District's financial standing again in April 2023. As a result of this review, the School District rating increased again from a Baa2 to a Baa1 with a positive outlook.

Using this Annual Financial Report

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

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Coventry Local 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 21-61 of this report.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers 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 assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds 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 fiscal 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 that 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 performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

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, non-instructional services, extracurricular activities, and interest.

Reporting the School District's Most Significant Funds

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

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

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 summary of the School District's net position for fiscal years 2023 and 2022.

Table 1
Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current and Other Assets	$28,572,013	$25,742,967	$2,829,046
Net OPEB Asset	1,758,347	1,540,215	218,132
Capital Assets, Net	30,249,668	29,140,737	1,108,931
Total Assets	60,580,028	56,423,919	4,156,109
Deferred Outflows of Resources			
Deferred Charges on Refunding	602,957	628,773	(25,816)
Pension	4,331,308	4,515,083	(183,775)
OPEB	370,555	464,163	(93,608)
Total Deferred Outflows of Resources	5,304,820	5,608,019	(303,199)
Liabilities			
Current Liabilities	2,956,867	2,368,700	($588,167)
Long-Term Liabilities:			
Due Within One Year	1,332,848	1,375,568	42,720
Due in More Than One Year:			
Net Pension Liability	18,704,613	11,925,396	(6,779,217)
Net OPEB Liability	960,580	1,370,123	409,543
Other Amounts	30,133,486	31,295,913	1,162,427
Total Liabilities	54,088,394	48,335,700	(5,752,694)
Deferred Inflows of Resources			
Property Taxes	12,055,873	12,586,235	530,362
Pension	3,482,758	11,087,408	7,604,650
OPEB	2,949,325	2,905,685	(43,640)
Total Deferred Inflows of Resources	18,487,956	26,579,328	8,091,372
Net Position			
Net Investment in Capital Assets	1,708,339	(708,220)	2,416,559
Restricted	3,407,981	2,898,470	509,511
Unrestricted (Deficit)	(11,807,822)	(15,073,340)	3,265,518
Total Net Position	($6,691,502)	($12,883,090)	$6,191,588

The net pension liability is one of the largest single liabilities 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 healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension 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 net position of the School District has increased. Unrestricted net position primarily contributed to this increase as a result of an increase in equity in pooled cash and cash equivalents and a significant decrease in deferred inflows of resources related to pension, although partly offset by the increase in the net pension liability.

Total assets increased during fiscal year 2023 primarily due to the increase in equity in pooled cash and cash equivalents. Cash and cash equivalents increased due to an increase in cash basis revenues, primarily intergovernmental and property taxes, and a decrease in cash basis expenditures, mainly regular instruction and pupil transportation. A change in the State foundation funding model caused the increase in intergovernmental revenues and the decrease in regular instruction, as discussed subsequently. Property tax collections increased in fiscal year 2023 primarily due to the increase in assessed values between calendar years 2021 and 2022. Fiscal year 2023 benefited from a full fiscal year of collections on the higher assessed values. Cash expenditures for pupil transportation decreased due to the School District no longer contracting out busing.

Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use lease - equipment. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Total governmental liabilities increased during fiscal year 2023 primarily due to an increase in the net pension liability, as well as smaller increases in current liabilities and other amounts due in more than one year. Current liabilities increased mainly due to increases in accrued wages and benefits. The decrease in the intergovernmental payable was related to decreases in the liability for preschool services provided by the educational service center, the liability for the true-up of employer contributions owed to STRS, and the liability for excess costs. The net pension and net OPEB liabilities represent the School District's proportionate share of the unfunded benefits of the SERS and STRS pension and OPEB plans. As indicated previously, changes in pension and OPEB benefits, contribution rates, and return on investments affect the balance of these liabilities.

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

Table 2 shows total revenues, expenses, and changes in net position for fiscal years 2023 and 2022:

Table 2
Change in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	$1,360,083	$2,840,195	($1,480,112)
Operating Grants, Contributions and Interest	4,631,329	3,698,511	932,818
Capital Grants and Contributions	38,004	38,057	(53)
Total Program Revenues	6,029,416	6,576,763	(547,347)
General Revenues			
Property Taxes	15,631,896	13,510,150	2,121,746
Grants and Entitlements	6,697,509	7,092,275	(394,766)
Investment Earnings/Interest	27,066	106	26,960
Miscellaneous	76,950	55,633	21,317
Total General Revenues	22,433,421	20,658,164	1,775,257
Total Revenues	28,462,837	27,234,927	1,227,910
Program Expenses			
Instruction:			
Regular	9,795,742	8,915,237	(880,505)
Special	3,572,656	3,123,086	(449,570)
Vocational	105,259	79,014	(26,245)
Support Services:			
Pupils	1,278,856	1,278,087	(769)
Instructional Staff	239,242	154,511	(84,731)
Board of Education	69,273	55,351	(13,922)
Administration	1,525,613	1,212,653	(312,960)
Fiscal	1,004,743	755,898	(248,845)
Business	129,876	112,172	(17,704)
Operation and Maintenance of Plant	490,366	1,568,846	1,078,480
Pupil Transportation	974,016	784,189	(189,827)
Central	550,918	507,509	(43,409)
Operation of Non-Instructional Services	144,619	175,796	31,177
Operation of Food Services	689,589	709,715	20,126
Extracurricular Activities	669,229	581,562	(87,667)
Intergovernmental	0	2,888	2,888
Interest	1,031,252	1,114,688	83,436
Total Program Expenses	22,271,249	21,131,202	(1,140,047)
Change in Net Position	6,191,588	6,103,725	87,863
Net Position Beginning of Year	(12,883,090)	(18,986,815)	6,103,725
Net Position End of Year	($6,691,502)	($12,883,090)	$6,191,588

Governmental Activities

Net position increased for fiscal year 2023 due to the increase in revenues. The increase in revenues was due to property taxes and operating grants and contributions. The decrease in operation and maintenance of plant expense was primarily due to the decrease in maintenance during the year. An increase in pension expense also contributed to the increases in administration support services, as did the reduction of an elementary assistant principal position.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue increased over the prior fiscal year, due to the increase in property taxes and the increase in grants and entitlements revenue resulting from the change in the foundation funding model discussed subsequently.

The remaining amount of revenue received was in the form of program revenues. Program revenues decreased primarily due to a decrease in charges for services.

The School District carefully tracks its revenues and expenses in order to avoid creating a deficit. Although the School District relies heavily upon local property taxes to support its operations, the School District actively solicits and receives additional grant and entitlement funding to help offset some operating costs.

As one can see, some of the largest of the School District's expenses are for instructional purposes. Additional expenses include support services, such as pupils, instructional staff, general administration, maintenance, and pupil transportation; operation of non-instructional services; numerous extracurricular activities; intergovernmental; and interest.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by general revenues, primarily tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instruction:				
Regular	$9,795,742	($8,230,487)	$8,915,237	($6,534,184)
Special	3,572,656	(1,724,685)	3,123,086	(1,176,001)
Vocational	105,259	(95,250)	79,014	(78,022)
Support Services:				
Pupils	1,278,856	(1,223,963)	1,278,087	(1,235,147)
Instructional Staff	239,242	(182,021)	154,511	(127,523)
Board of Education	69,273	(69,273)	55,351	(55,351)
Administration	1,525,613	(1,510,257)	1,212,653	(1,207,698)
Fiscal	1,004,743	(1,004,743)	755,898	(755,898)
Business	129,876	(129,876)	112,172	(112,172)
Operation and Maintenance of Plant	490,366	717,349	1,568,846	(1,339,728)
Pupil Transportation	974,016	(803,145)	784,189	(265,495)
Central	550,918	(548,223)	507,509	(506,693)
Operation of Non-Instructional Services	144,619	(27,939)	175,796	(44,616)
Operation of Food Services	689,589	34,203	709,715	335,073
Extracurricular Activities	669,229	(412,271)	581,562	(333,408)
Intergovernmental	0	0	2,888	(2,888)
Interest	1,031,252	(1,031,252)	1,114,688	(1,114,688)
Total Expenses	$22,271,249	($16,241,833)	$21,131,202	($14,554,439)

As one can see, the reliance upon local tax revenues for governmental activities is crucial. The majority of expenses are supported through general revenues, with property taxes making up the largest portion of general revenues. The community is by far the primary support for the School District students.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had an increase in fund balance due to the increase in revenues, primarily increases in property taxes and intergovernmental revenues. The increase in property taxes resulted from the increase in assessed values discussed previously. The increase in intergovernmental revenues was primarily due to the foundation funding changes discussed previously. Although revenues increased over the prior fiscal year, the expenditures in the governmental funds equally increased over the prior fiscal year due to increased in administration and operation and maintenance.

The general fund also saw an increase in fund balance for fiscal year 2023 due several factors discussed previously, including the changes in the foundation funding, an increase in property taxes, and a decrease in capital outlay expenditures. That decrease in capital outlay was offset by an increase in regular instruction expenditures related to foundation funding changes and a decrease in pupil support services expenditures, yielding total expenditures that were comparable with the prior fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget a few times. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the general fund, the final budget basis revenue estimate increased from the original budget basis revenue estimate. Actual revenues were lower than final budgeted revenues primarily due to lower than anticipated property taxes and intergovernmental revenues. In total, the final budgeted expenditures were higher than original budgeted expenditures. Actual expenditures were lower than final budgeted expenditures due to the School District closely monitoring expenditures to keep costs within the allowed amount.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation/amortization. Capital asset additions increased during fiscal year 2023 and included numerous buses, various computers, a color laser printer, various cooling tables for food service operations and a few vehicles. These additions include a parking lot repaving project that continued into fiscal year 2024. For more information on capital assets, refer to Note 9 of the basic financial statements.

Debt

During the fiscal year, outstanding debt decreased as the School District continued to pay down debt.

On November 20, 2020, the School District issued a Refunding Certificate of Participation (COP) through direct placement for the purpose of currently refunding the 2011 Certificates of Participation, which had been issued for building and property renovations. The COP will be fully repaid in fiscal year 2029.

The 2013 school improvement general obligation bonds were issued for the School District's local share of the construction of a new high school, as well as furnishing, equipping and otherwise improving School District buildings and facilities. These bonds were partially refunded in fiscal year 2021. The remaining bonds will be fully repaid in fiscal year 2031.

On December 22, 2020, the School District issued school improvement refunding general obligation bonds for the purpose of advance refunding a portion of the 2013 school improvement bonds in order to take advantage of lower interest rates. The bonds will be fully repaid in fiscal year 2048.

At fiscal year end, the School District's overall legal debt margin was $6,022,920 with an unvoted debt margin of $347,224. At fiscal year end, the School District had a Baa3 bond rating. For more information on debt, refer to Note 10 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include net pension liability, net OPEB liability, financed purchases, leases payable, and compensated absences. Additional information for these items can be found in notes 10, 20 and 21.

School District Outlook

In November 2022, Moody's completed a review of the School District's credit rating. As a result, the School District rating increased from Baa3 to Baa2 with a positive outlook. Based on the district's positive outlook, Moody's reviewed the district's financial standing again in April 2023. As a result of this review, the School District rating increased again from a Baa2 to a Baa1 with a positive outlook.

The School District has two emergency operating levies. On November 8, 2022, the School District voters approved a renewal of the emergency operating levy that generates approximately $2.9 million annually. The next renewal levy will expire in calendar year 2025 and will need to be renewed to continue to eliminate future deficit spending. The School District has been able to end with positive general fund cash balances in fiscal years 2017 through 2023.

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 any questions about this report or need additional financial information, contact Lisa Blough, Treasurer, at Coventry Local School District, 3257 Cormany Road, Akron, Ohio 44319-1425, or email at lblough@coventryschools.org.

Basic Financial Statements

Coventry Local School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$12,010,170
Investments	36,961
Inventory Held for Resale	11,250
Materials and Supplies Inventory	9,482
Accounts Receivable	2,223
Intergovernmental Receivable	959,912
Prepaid Items	9,012
Property Taxes Receivable	15,533,003
Net OPEB Asset (See Note 21)	1,758,347
Nondepreciable Capital Assets	794,578
Depreciable Capital Assets, Net	29,455,090
Total Assets	60,580,028
Deferred Outflows of Resources	
Deferred Charges on Refunding	602,957
Pension	4,331,308
OPEB	370,555
Total Deferred Outflows of Resources	5,304,820
Liabilities	
Accounts Payable	166,443
Accrued Wages and Benefits	1,504,285
Intergovernmental Payable	531,875
Accrued Interest Payable	150,628
Matured Compensated Absences Payable	8,175
Unearned Revenue	516,577
Vacation Benefits Payable	78,884
Long-Term Liabilities:	
Due Within One Year	1,332,848
Due in More Than One Year:	
Net Pension Liability (See Note 20)	18,704,613
Net OPEB Liability (See Note 21)	960,580
Other Amounts Due in More Than One Year	30,133,486
Total Liabilities	54,088,394
Deferred Inflows of Resources	
Property Taxes	12,055,873
Pension	3,482,758
OPEB	2,949,325
Total Deferred Inflows of Resources	18,487,956
Net Position	
Net Investment in Capital Assets	1,708,339
Restricted for:	
Debt Service	782,777
Capital Outlay	961,151
Food Service Operations	647,561
Facilities Maintenance	217,747
Student Activities	256,062
Scholarships	46,439
Scholarships:	
Expendable	9,995
Nonexpendable	25,000
OPEB Plans	343,049
Other Purposes	118,200
Unrestricted (Deficit)	(11,807,822)
Total Net Position	($6,691,502)

See accompanying notes to the basic financial statements

Coventry Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$9,795,742	$291,207	$1,274,048	$0	($8,230,487)
Special	3,572,656	600,353	1,247,618	0	(1,724,685)
Vocational	105,259	0	10,009	0	(95,250)
Support Services:				0	
Pupils	1,278,856	0	54,893	0	(1,223,963)
Instructional Staff	239,242	0	57,221	0	(182,021)
Board of Education	69,273	0	0	0	(69,273)
Administration	1,525,613	0	15,356	0	(1,510,257)
Fiscal	1,004,743	0	0	0	(1,004,743)
Business	129,876	0	0	0	(129,876)
Operation and Maintenance of Plant	490,366	0	1,169,711	38,004	717,349
Pupil Transportation	974,016	0	170,871	0	(803,145)
Central	550,918	0	2,695	0	(548,223)
Operation of Non-Instructional Services	144,619	0	116,680	0	(27,939)
Operation of Food Services	689,589	218,599	505,193	0	34,203
Extracurricular Activities	669,229	249,924	7,034	0	(412,271)
Interest	1,031,252	0	0	0	(1,031,252)
Total	$22,271,249	$1,360,083	$4,631,329	$38,004	(16,241,833)

General Revenues	
Property Taxes Levied for:	
General Purposes	13,563,741
Debt Service	1,735,216
Capital Outlay	273,531
Classroom Facilities Maintenance	59,408
Grants and Entitlements not Restricted to Specific Programs	6,697,509
Investment Earnings/Interest	27,066
Miscellaneous	76,950
Total General Revenues	22,433,421
Change in Net Position	6,191,588
Net Position Beginning of Year	(12,883,090)
Net Position End of Year	($6,691,502)

See accompanying notes to the basic financial statements

Coventry Local School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$8,673,635	$3,336,535	$12,010,170
Investments	0	36,961	36,961
Inventory Held for Resale	0	11,250	11,250
Materials and Supplies Inventory	1,690	7,792	9,482
Accounts Receivable	823	1,400	2,223
Intergovernmental Receivable	795,552	164,360	959,912
Prepaid Items	8,502	510	9,012
Property Taxes Receivable	13,652,452	1,880,551	15,533,003
Interfund Receivable	77,757	0	77,757
Total Assets	$23,210,411	$5,439,359	$28,649,770
Liabilities			
Accounts Payable	$62,389	$104,054	$166,443
Accrued Wages and Benefits	1,426,982	77,303	1,504,285
Intergovernmental Payable	505,867	26,008	531,875
Matured Compensated Absences Payable	8,175	0	8,175
Unearned Revenue	0	516,577	516,577
Interfund Payable	0	77,757	77,757
Total Liabilities	2,003,413	801,699	2,805,112
Deferred Inflows of Resources			
Property Taxes	10,662,298	1,393,575	12,055,873
Unavailable Revenue	1,135,144	161,352	1,296,496
Total Deferred Inflows of Resources	11,797,442	1,554,927	13,352,369
Fund Balances			
Nonspendable	10,192	33,302	43,494
Restricted	0	3,142,395	3,142,395
Assigned	7,322,272	0	7,322,272
Unassigned (Deficit)	2,077,092	(92,964)	1,984,128
Total Fund Balances	9,409,556	3,082,733	12,492,289
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$23,210,411	$5,439,359	$28,649,770

See accompanying notes to the basic financial statements

Coventry Local School District

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

Total Governmental Fund Balances		$12,492,289
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.		30,249,668
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	423,326	
Intergovernmental	161,352	
Tuition and Fees	711,818	
Total		1,296,496
Deferred outflows of resources represent deferred charges on refunding, which are not reported in the funds.		602,957
Vacation benefits payable is a contractually required benefit not expected to be paid with expendable available financial resources and therefore not reported in the funds.		(78,884)
In the statement of activities, interest is accrued on outstanding debt, whereas in the funds, an interest expenditure is reported when due.		(150,628)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation	(735,000)	
General Obligation Bonds	(28,400,446)	
Financed Purchases	(1,121,013)	
Lease Payable	(4,839)	
Compensated Absences	(1,205,036)	
Total		(31,466,334)
The net pension/OPEB liabilities are not due and payable in the current period, and the net OPEB asset is not available for spending in the current period. Therefore, the asset, liabilities and related deferred outflows/inflows are not reported in the funds:		
Net OPEB Asset	1,758,347	
Deferred Outflows - Pension	4,331,308	
Deferred Outflows - OPEB	370,555	
Net Pension Liability	(18,704,613)	
Net OPEB Liability	(960,580)	
Deferred Inflows - Pension	(3,482,758)	
Deferred Inflows - OPEB	(2,949,325)	
Total		(19,637,066)
Net Position of Governmental Activities		($6,691,502)

See accompanying notes to the basic financial statements

Coventry Local 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	$13,574,103	$2,068,819	$15,642,922
Intergovernmental	7,648,534	3,890,471	11,539,005
Investment Earnings/Interest	27,066	5,259	32,325
Tuition and Fees	930,967	0	930,967
Extracurricular Activities	12,418	249,924	262,342
Charges for Services	0	218,599	218,599
Contributions and Donations	0	15,768	15,768
Miscellaneous	76,450	500	76,950
Total Revenues	22,269,538	6,449,340	28,718,878
Expenditures			
Current:			
Instruction:			
Regular	8,488,672	822,635	9,311,307
Special	2,912,896	761,864	3,674,760
Vocational	111,907	0	111,907
Support Services:			
Pupils	1,401,764	61,422	1,463,186
Instructional Staff	184,386	50,597	234,983
Board of Education	69,273	0	69,273
Administration	1,613,007	14,995	1,628,002
Fiscal	832,635	43,135	875,770
Business	129,876	0	129,876
Operation and Maintenance of Plant	1,725,509	1,142,454	2,867,963
Pupil Transportation	922,160	41,445	963,605
Central	597,855	2,798	600,653
Operation of Non-Instructional Services	48,856	106,042	154,898
Operation of Food Services	1,602	723,847	725,449
Extracurricular Activities	360,198	258,754	618,952
Capital Outlay	0	3,770	3,770
Debt Service:			
Principal Retirement	140,542	761,016	901,558
Interest	30,438	845,092	875,530
Capital Appreciation Bonds Interest	0	419,540	419,540
Total Expenditures	19,571,576	6,059,406	25,630,982
Excess of Revenues Over Expenditures	2,697,962	389,934	3,087,896
Other Financing Sources (Uses)			
Transfers In	0	1,924	1,924
Transfers Out	(1,924)	0	(1,924)
Total Other Financing Sources (Uses)	(1,924)	1,924	0
Net Change in Fund Balances	2,696,038	391,858	3,087,896
Fund Balances Beginning of Year	6,713,518	2,690,875	9,404,393
Fund Balances End of Year	$9,409,556	$3,082,733	$12,492,289

See accompanying notes to the basic financial statements

Coventry Local School District

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

Net Change in Fund Balances - Total Governmental Funds		$3,087,896
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement o activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period		
Capital Outlay	2,432,962	
Current Year Depreciation	(1,318,766)	
Total		1,114,196
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.		(5,265)
Revenues in the statement of activities that do not provide current financial resources are no reported as revenues in the funds:		
Delinquent Property Taxes	(11,026)	
Intergovernmental	(193,190)	
Tuition and Fees	(51,825)	
Total		(256,041)
Repayment of principal and capital appreciation bonds interest are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position		
Principal	901,558	
Capital Appreciation Bonds Interest	419,540	
Total		1,321,098
Some expenses reported in the statement of activities do not require the use of current financia resources and therefore are not reported as expenditures in governmental funds		
Accrued Interest	5,646	
Amortization of Deferred Charges on Refunding	(25,816)	
Accretion	(597,300)	
Amortization of Premium	461,748	
Total		(155,722)
Some expenses reported in the statement of activities do not require the use of current financia resources and therefore are not reported as expenditures in governmental funds		
Vacation Benefits	(66,260)	
Compensated Absences	19,601	
Total		(46,659)
Contractually required contributions are reported as expenditures in governmental funds however, the statement of net position reports these amounts as deferred outflows		
Pension	1,624,470	
OPEB	48,719	
Total		1,673,189
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEI asset or liability are reported as pension/OPEB expense in the statement of activities		
OPEB	441,708	
Total		441,708
Change in Net Position of Governmental Activities		$7,174,400

See accompanying notes to the basic financial statements

Coventry Local School District

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$12,765,744	$12,788,527	$11,932,850	($855,677)
Intergovernmental	8,149,834	8,164,379	7,618,103	(546,276)
Investment Earnings	28,955	29,007	27,066	(1,941)
Tuition and Fees	938,690	940,366	877,446	(62,920)
Miscellaneous	68,275	68,420	76,060	7,640
Total Revenues	21,951,498	21,990,699	20,531,525	(1,459,174)
Expenditures				
Current:				
Instruction:				
Regular	7,960,500	12,552,191	8,390,336	4,161,855
Special	2,903,294	4,577,537	3,059,322	1,518,215
Vocational	105,788	166,792	111,473	55,319
Support Services:				
Pupils	1,277,806	2,014,678	1,346,477	668,201
Instructional Staff	172,325	271,700	181,586	90,114
Board of Education	72,552	114,390	76,451	37,939
Administration	1,515,820	2,389,948	1,597,283	792,665
Fiscal	729,539	1,183,911	830,268	353,643
Business	123,252	194,328	129,876	64,452
Operation and Maintenance of Plant	1,647,541	2,597,629	1,743,452	854,177
Pupil Transportation	880,464	1,388,202	927,782	460,420
Central	572,233	902,223	602,986	299,237
Operation of Non-Instructional Services	48,792	76,929	51,414	25,515
Extracurricular Activities	342,031	539,265	360,412	178,853
Debt Service:				
Principal Retirement	193,700	273,080	145,049	128,031
Interest	31,562	48,416	30,797	17,619
Total Expenditures	18,577,199	29,291,219	19,584,964	9,706,255
Excess of Revenues Over (Under) Expenditures	3,374,299	(7,300,520)	946,561	8,247,081
Other Financing Sources (Uses)				
Advances In	2,094	2,094	2,094	0
Transfers In	11,000	11,000	11,000	0
Transfers Out	(1,924)	(1,924)	(1,924)	0
Total Other Financing Sources (Uses)	11,170	11,170	11,170	0
Net Change in Fund Balance	3,385,469	(7,289,350)	957,731	8,247,081
Fund Balance Beginning of Year	7,289,348	7,289,348	7,289,348	0
Prior Year Encumbrances Appropriated	362,105	362,105	362,105	0
Fund Balance End of Year	$11,036,922	$362,103	$8,609,184	$8,247,081

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

Coventry Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is governed by a five-member Board of Education (the Board) elected by its citizens, which is responsible for the provision of public education to residents of the School District.

The School District is located in Summit County in northeastern Ohio. The School District currently operates one elementary school (K-4), one middle school (5-8) and one high school (9-12), which are staffed by 12.25 administrators, 122 certificated full-time-equivalent teaching personnel, 66 full-time-equivalent classified employees, and 7 full-time-equivalent central office employees, who provide services to 1,465 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District 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 Coventry Local School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool, and student related activities of the School District.

Non-public Schools Within the School District boundaries, St. Francis De Sales School is operated through the Cleveland Diocese as a non-public school. Current State legislation provides funding for the nonpublic school. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. 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 primary government. The School District does not have any component units.

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations include the Northeast Ohio Network for Educational Technology (NEONET), the Portage Lakes Career Center, the Ohio Schools Council Workers' Compensation Retrospective Group Rating Program, and the Stark County Schools Council of Government. These organizations are addressed in Notes 14 and 15 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 program is self-financing or draws from the general revenues of the School District.

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

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The 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 and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in 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 are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 the 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 year-end: property taxes available as an advance, interest, grants, tuition and fees, extracurricular activities, charges for services, and miscellaneous.

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, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 20 and 21.

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, 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. 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 revenues, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 20 and 21).

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "operating grants, contributions and interest" program revenue account.

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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Individual fund integrity is maintained through the School District 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 donated stocks. Investments are reported at fair value which is based on quoted market prices.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2023 amounted to $27,066, which includes $7,519 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 reported as cash equivalents.

Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are reported 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 fiscal year in which services are consumed.

Inventory

Inventories are presented at the lower of cost or market 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.

Capital Assets

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

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

All reported capital assets, except land and construction 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
Buildings and Improvements	10 - 30 Years
Furniture and Equipment	5 - 30 Years
Vehicles	10 - 20 Years
Intangible Right to Use Lease - Equipment	5 Years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease 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.

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 employer will compensate the employees for the benefits through paid time off or some other means. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, 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 liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits. Certificates of participation, bonds, financed purchases and leases 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 Balances

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 are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

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

Unassigned Unassigned fund balance is the residual classification for the general fund and includes 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/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes included resources which will be used for community services, educational computer network connections, instructional programs, school safety, school improvement activities, and special education. The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Estimates

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

Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported in the budgetary statement as the original and final budgeted amounts reflect the amounts in the amended certificate in effect 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 resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for the funds that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charge on Refunding

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Internal Activity

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

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

Leases Payable

The School District serves as lessee in 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 its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Note 3 – Changes in Accounting Principles

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) 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 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). The School District did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

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.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursement and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are as follows:

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

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

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

4. Budgetary revenues and expenditures of the uniform school supply and public school support funds are reclassified to the general fund for GAAP reporting.

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

The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	$2,696,038
Net Adjustment for Revenue Accruals	(1,661,093)
Net Adjustment for Expenditure Accruals	(74,841)
Advances In	2,094
Perspective Differences:	
Uniform School Supply	(8,004)
Public School Support	(95)
Underground Storage Tanks	11,000
Adjustment for Encumbrances	(7,368)
Budget Basis	$957,731

Note 5 – Compliance and Accountability

Compliance

The School District had negative cash balances at June 30, 2023, in the following funds:

Fund	Amount
Special Revenue Funds:	
Miscellaneous State Grants	$2,351
IDEA Part B	22,597
Title I - Supplemental School Improvements	20,680
Title I	27,662
Title IV - A	952
Improving Teacher Quality	1,549

The negative cash balances indicate that revenue from other sources were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10. The cash deficits were the result of monies being expended with the expectation that the School District will be reimbursed during fiscal year 2023. Although the cash deficits were not corrected by fiscal year end, management has indicated that cash will be closely monitored to prevent future violations.

Accountability

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

Fund	Fund Deficits
Special Revenue Funds:	
Miscellaneous State Grants	($3,334)
IDEA Part B	(47,619)
Title I - Supplemental School Improvement	(2,174)
Title I	(34,446)
Improving Teacher Quality	(5,361)

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 five percent of interim moneys available for investment at the time of purchase.

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

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

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, $4,444,787 of the School District's total bank balance of $12,126,694 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and 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
Fair Value - Level 1 Inputs:				
Proctor and Gamble Company Stock	$19,726	Less than one year	A-1+	53.37 %
Dominion Energy, Incorporated, Stock	6,992	Less than one year	A-2	18.92
Wells Fargo and Company New Stock	10,243	Less than one year	A-2	27.71
Total Portfolio	$36,961			100.00 %

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 donated stocks are measured at fair value and are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and that investment must be purchased with the expectation that it will be held to maturity. It is the School District's policy to evaluate market conditions, interest rate forecasts, and cash flow requirements to consider the term of an investment, with the goal being to buy where relative value exists along the maturity spectrum.

Credit Risk The School District's investments are rated as shown in the preceding table. The School District has no investment policy that further limits its investment choices.

Concentration of Credit Risk The School District investment policy is to be diversified enough to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issue or a specific class of securities. The preceding table shows the allocation of investments.

Note 7 – Receivables

Receivables at June 30, 2023, consisted of accounts, interfund, intergovernmental grants and entitlements, and property taxes. 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 year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Excess Costs	$568,999
Regular Tuition	142,819
Miscellaneous	83,889
IDEA-B Grant	67,172
Title I Funds	61,946
Title I Supplemental School Improvement Grant	22,854
Improving Teacher Quality	6,909
Parent Mentor Project Grant	4,372
Student Support Grant	952
Total	$959,912

Note 8 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 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 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 Summit County. The County Fiscal Officer 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 and public utility 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 $2,566,828 in the general fund, $352,254 in the bond retirement debt service fund, and $66,334 in the permanent improvements capital projects fund. The amount available as an advance at June 30, 2022, was $950,368 in the general fund, $127,042 in the bond retirement debt service fund, and $24,311 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Fiscal Officer.

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
Real Estate	$345,565,400	94.39 %	$347,223,710	94.29 %
Public Utility Personal Property	20,538,800	5.61	21,022,380	5.71
Total	$366,104,200	100.00 %	$368,246,090	100.00 %
Tax Rate per $1,000 of Assessed Valuation	$75.45		$75.43	

Note 9 – Capital Assets

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

	Balance 6/30/22	Additions	Deletions	Balance 6/30/23
Governmental Activities				
Nondepreciable Capital Assets:				
Land	$604,186	$0	$0	$604,186
Construction in Progress	143,190	444,097	(396,895)	190,392
Total Nondepreciable Capital Assets	747,376	444,097	(396,895)	794,578
Depreciable Capital Assets:				
Buildings and Improvements	42,365,197	396,895	0	42,762,092
Furniture and Equipment	6,067,615	369,604	(7,588)	6,429,631
Vehicles	1,523,027	1,619,261	(18,495)	3,123,793
Intangible Right to Use Lease - Equipment**	113,378	0	0	113,378
Total Depreciable Capital Assets	50,069,217	2,385,760	(26,083)	52,428,894
Less Accumulated Depreciation/Amortization:				
Buildings and Improvements	(16,286,086)	(994,684)	0	(17,280,770)
Furniture and Equipment	(5,115,780)	(178,802)	4,173	(5,290,409)
Vehicles	(221,662)	(92,952)	16,645	(297,969)
Intangible Right to Use Lease - Equipment**	(52,328)	(52,328)	0	(104,656)
Total Accumulated Depreciation/Amortization	(21,675,856)	(1,318,766) *	20,818	(22,973,804)
Total Depreciable Capital Assets, Net	28,393,361	1,066,994	(5,265)	29,455,090
Governmental Activities Capital Assets, Net	$29,140,737	$1,511,091	($402,160)	$30,249,668

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

Instruction:	
Regular	$933,170
Special	3,016
Support Services:	
Pupils	1,639
Instructional Staff	9,835
Administration	2,342
Fiscal	107,475
Operation and Maintenance of Plant	13,667
Pupil Transportation	137,104
Central	2,108
Operation of Non-Instructional Services	234
Operation of Food Services	38,042
Extracurricular Activities	70,134
Total Depreciation/Amortization Expense	$1,318,766

** Of the current year depreciation/amortization total of $1,319,036, $52,328 is presented as fiscal support services expense on the statement of activities related to the School District's intangible asset of copiers, which is included as an intangible right to use lease.

Note 10 – Long-Term Obligations

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

	Principal Outstanding 6/30/22	Additions	Reductions	Principal Outstanding 6/30/23	Amount Due in One Year
Governmental Activities					
Certificates of Participation:					
2020 Refunding Certificate of Participation from Direct Placement:					
Term Certificate	$845,000	$0	($110,000)	$735,000	$115,000
General Obligation Bonds:					
2013 School Improvement Bonds:					
Capital Appreciation Bonds	8,425	0	0	8,425	0
Accretion on Capital Appreciation Bonds	202,998	94,112	0	297,110	0
Premium	6,082	0	(730)	5,352	0
2020 School Improvement Refunding Bonds:					
Serial Bonds	9,115,000	0	0	9,115,000	0
Term Bonds	16,985,000	0	0	16,985,000	0
Capital Appreciation Bonds	1,010,777	0	(450,460)	560,317	314,281
Accretion on Capital Appreciation Bonds	730,902	503,188	(419,540)	814,550	550,720
Premium	1,075,710	0	(461,018)	614,692	0
Total General Obligation Bonds	29,134,894	597,300	(1,331,748)	28,400,446	865,001
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	2,585,203	0	1,023,523	3,608,726	0
STRS	9,340,193	0	5,755,694	15,095,887	0
Total Net Pension Liability	11,925,396	0	6,779,217	18,704,613	0
Net OPEB Liability - SERS	1,370,123	0	(409,543)	960,580	0
Financed Purchases Payable from Direct Borrowings	1,406,062	0	(285,049)	1,121,013	293,460
Lease Payable	60,888	0	(56,049)	4,839	4,839
Compensated Absences	1,224,637	68,352	(87,953)	1,205,036	54,548
Total Other Long-Term Obligations	15,987,106	68,352	5,940,623	21,996,081	352,847
Total Governmental Activities Long-Term Liabilities	$45,967,000	$665,652	$4,498,875	$51,131,527	$1,332,848

On November 20, 2020, the School District issued $890,000 in Refunding Certificate of Participation (COP) through direct placement for the purpose of currently refunding the 2011 Certificates of Participation, which had been issued for building and property renovations. The COP included a term certificate of $890,000. The COP was issued for an eight-year period with a final maturity in fiscal year 2029. The certificates will be paid from property taxes from the permanent improvement fund and the general fund. The COP was issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COP has been designated to be a "qualified tax exempt obligation" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COP was issued through a series of annual leases with an initial lease term through June 30, 2021, which includes the right to renew for eight successive one-year terms through fiscal year 2029 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2.30 percent.

Optional Redemption The certificates are subject to optional redemption by the School District on any date on or after October 1, 2026, in whole but not in part, after the exercise by the School District of its option to purchase the Project Facilities pursuant to the lease from the available proceeds of such purchase or in whole or in part in connection the refunding of certificates, at a redemption price of 100 percent of the principal amount to be redeemed, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The term certificate maturing on October 1, 2028, is subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Year	Issue $890,000
2023	$115,000
2024	115,000
2025	125,000
2026	125,000
2027	125,000
Total Mandatory Sinking Fund Paymen	605,000
Amount Due at Stated Maturity	130,000
Total	$735,000
Stated Maturity	10/1/2028

On October 16, 2013, the School District issued school improvement general obligation bonds for the School District's local share of the construction of a new high school, as well as furnishing, equipping, and otherwise improving School District buildings and facilities. The bonds were issued with a premium of $914,375. The amount is being amortized to interest expense over the life of the bonds using the straight-line method. The bonds consisted of serial, term and capital appreciation (deep discount) bonds in the amounts of $7,705,000, $20,595,000, and $8,425 and were issued for a period of 34 years with final maturity on November 1, 2047. The serial bonds were issued at interest rates ranging from 3 to 5 percent, and the term bonds were issued at interest rates ranging from 5 to 5.25 percent. A portion of the serial bonds and all of the remaining term bonds were advance refunded on December 22, 2020.

The capital appreciation bonds were originally sold at a discount of $2,266,575, which is being accreted annually until the point of maturity of the capital appreciation bonds, which will be repaid during fiscal years 2028 through 2031. The final maturity amount of outstanding capital appreciation bonds at June 30, 2023, is $2,275,000. The accretion recorded for fiscal year 2023 was $94,112, for a total outstanding bond liability of $305,535.

Optional Redemption The current interest bonds maturing on or after November 1, 2022, are subject to optional redemption by the School District prior to their stated maturity, in whole or in part, as selected by the Board, on any date on or after November 1, 2021, at a redemption price equal to 100 percent of the principal amount to be redeemed plus interest accrued to the redemption date.

On December 22, 2020, the School District issued $27,616,197 in school improvement refunding general obligation bonds which included serial, term, and capital appreciation bonds in the amounts of $9,115,000, $16,985,000, and $1,516,197, respectively. The capital appreciation bonds were issued at a premium of $1,767,237. The bonds were issued to refund a portion of the remaining 2013 school improvement general obligation bonds in order to take advantage of lower interest rates. The serial and term refunding bonds were issued with interest rates ranging from 1.376 to 3.960 percent. The bonds were issued for a 27-year period with a final maturity on November 1, 2047. The bonds will be retired through the bond retirement fund.

The capital appreciation bonds were originally sold at a discount of $1,868,803, which is being accreted annually until the point of maturity of the capital appreciation bonds, which will be repaid during fiscal years 2022 through 2025. The final maturity amount of outstanding capital appreciation bonds at June 30, 2023, is $1,830,000. The accretion recorded for fiscal year 2023 was $503,188, for a total outstanding bond liability of $1,374,867.

Optional Redemption The current interest bonds maturing on or after November 1, 2031, are subject to optional redemption by the School District prior to their stated maturity, in whole or in part, as selected by the Board (in whole multiples of $5,000), on any date on or after November 1, 2030, at a redemption price equal to 100 percent of the principal amount to be redeemed. plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The term bonds maturing on November 1, 2038, 2041, 2044, and 2047 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus interest accrued to the redemption date, on November 1 of the years and in the respective principal amounts as follows:

	Issue			
Year	$3,635,000	$3,990,000	$4,420,000	$4,940,000
2036	$1,175,000	$0	$0	$0
2037	1,210,000	0	0	0
2039	0	1,285,000	0	0
2040	0	1,330,000	0	0
2042	0	0	1,420,000	0
2043	0	0	1,475,000	0
2045	0	0	0	1,585,000
2046	0	0	0	1,645,000
Total Mandatory Sinking Fund Payment	2,385,000	2,615,000	2,895,000	3,230,000
Amount Due at Stated Maturity	1,250,000	1,375,000	1,525,000	1,710,000
Total	$3,635,000	$3,990,000	$4,420,000	$4,940,000
Stated Maturity	*11/1/2038*	*11/1/2041*	*11/1/2044*	*11/1/2047*

The certificates of participation will be paid from the permanent improvement fund. The general obligation bonds will be paid from the bond retirement fund. There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund and the food service, other grants, athletics and music, auxiliary services, and miscellaneous State grants special revenue funds. For additional information related to the net pension liability and the net OPEB liability, see Notes 20 and 21. The lease payable will be paid from the general fund. The compensated absences liability will be paid from the general fund and the food service special revenue fund.

During fiscal year 2008, the School District entered into a financed purchase agreement for modular buildings in the amount of $1,500,000, to be paid from the general fund. During fiscal year 2022, the School District entered into a financed purchase agreement for school buses in the amount of $1,023,467, to be paid from the general fund.

The School District's overall debt margin was $6,022,920 with an unvoted debt margin of $347,224 at June 30, 2023. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2023, are as follows:

	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$0	$209,988	$0	$602,691	$314,281	$550,719
2025	0	209,988	0	602,691	246,036	718,964
2026	965,000	203,349	0	602,691	0	0
2027	980,000	188,620	0	602,691	0	0
2028	360,000	177,288	0	602,691	3,575	631,425
2029-2033	3,470,000	719,513	0	3,013,455	4,850	1,635,150
2034-2038	3,340,000	141,796	2,385,000	2,941,010	0	0
2039-2043	0	0	6,660,000	2,118,303	0	0
2044-2048	0	0	7,940,000	800,350	0	0
2049	0	0	0	0	0	0
Total	$9,115,000	$1,850,542	$16,985,000	$11,886,573	$568,742	$3,536,258

	Certificate of Participation from Direct Placement		Financed Purchases Payable from Direct Borrowings	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$115,000	$15,583	$293,460	$35,986
2025	115,000	12,938	301,971	26,896
2026	125,000	10,178	310,582	17,513
2027	125,000	7,303	105,000	7,833
2028	125,000	4,428	110,000	2,651
2029-2033	130,000	1,495	0	0
Total	$735,000	$51,925	$1,121,013	$90,879

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The last payment, due in fiscal year 2024, consists of principal of $4,839 and interest of $27.

Note 11 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service and hours worked. Vacation days are credited to twelve-month non-certified employees on the anniversary of their employment and must be used within the next twelve months. An employee may carry over no more than one week of vacation per year unless otherwise approved by the Superintendent. Accumulated unused vacation time is paid to twelve month 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 300**.** Upon retirement per OAPSE negotiated union contract, classified staff with at least ten years of service with the School District receive payment for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 160 days, plus one-half of the days in excess of 200 days, not to exceed 300 days for classified employees. Upon retirement per negotiated CEA union contract, certified employees are paid for one-fourth of the total sick leave accumulation up to a maximum accumulation of 160 days, plus one-half of the days in excess of 215 days, not to exceed 285 days.

Life Insurance Benefits

The School District provides life insurance to full time equivalent employees. Life insurance is provided through the Stark County Schools Council of Government's Health Benefits Program.

Note 12 – Contingencies

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 not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District is not party to any legal proceedings.

Note 13 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; thefts 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 various types of insurance as follows:

Type of Coverage	Coverage Amount		Deductible	
Property	$79,970,599		$2,500	
Commercial Inland Marine	2,500,000	*	2,500	
General Liability:				
Per Occurrence	1,000,000		0	
Aggregate	2,000,000		0	
Violent Event Coverage	1,000,000		0	
Employee Benefits Liability	1,000,000		1,000	
Employer's Liability	1,000,000		0	
Sexual Misconduct	1,000,000		5,000	
Commercial Umbrella Liability	4,000,000		0	**
Commercial Auto Coverage	1,000,000		1,000	

*Commercial inland marine coverage is included in the property coverage.
**Self-insured retention of $10,000 each occurrence.

Settled claims have not exceeded this commercial coverage in any of the last three years and there have been no significant reductions in insurance coverage from last fiscal year.

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio Schools Council Workers' Compensation Retrospective Group Rating Program (the GRP), an insurance purchasing pool (see Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. The firm of Sheakley provides administrative, cost control and actuarial services to the GRP.

Employee Medical Benefits

The School District has contracted with the Stark County Schools Council of Government's Health Benefit Program, a shared risk pool (see Note 15) to provide employee medical/surgical, vision, and dental benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an existing school district subsequent to the settlements of all expenses and claims. The School District pays premiums of $2,528.46 for family coverage and $1,038.96 for single coverage per employee per month.

Note 14 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONET) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEONET is a jointly governed organization among numerous school districts, three career centers, and the Summit and Medina County Educational Service Centers. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the Board of Directors. Each participant's degree of control is limited to its representation on the board. The Board of Directors exercises total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEONET. During fiscal year 2023, the School District made $323,716 in payments to NEONET. Financial information can be obtained by writing to the Northeast Ohio Network for Educational Technology, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Portage Lakes Career Center

Portage Lakes Career Center is a jointly governed organization created to provide for the vocational and special education needs of the students. The Board is composed of representatives from the elected board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Coventry Local School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. During fiscal year 2023, the School District made no payments to Portage Lakes Career Center. Financial information can be obtained by writing to the Portage Lakes Career Center, 4401 Shriver Road, Uniontown, Ohio 44685.

Note 15 – Insurance Purchasing Pools

Ohio Schools Council Worker's Compensation Retrospective Group Rating Program

The School District participates in the Ohio Schools Council Workers' Compensation Retrospective Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a nine-member Board of Directors. Five members of the Board are selected by the Assembly from among the member districts, and the remaining four are representatives of the president, president-elect, past president and treasurer of the Greater Cleveland School Superintendents' Association. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Stark County Schools Council of Government

The Stark County Schools Council of Government (the Council) is a shared risk pool which is governed by an assembly which consists of one representative from each participating member. The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program, which is a shared risk pool.

Note 16 – 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 fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and 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 acquisitions. Disclosure of this information is required by State statute.

	Capital Improvement
Set-aside Balances as of June 30, 2022	$0
Current Year Set-Aside Requirement	341,842
Current Year Offsets	(341,842)
Totals	$0
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2023	$0

The offset from bond proceeds is limited to an amount needed to reduce the capital improvement set-aside balance to $0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset for future periods. The available balance remaining for future use as of June 30, 2023, was $27,379,686.

Note 17 – 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 funds and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepaid Items	$8,502	$510	$9,012
Materials and Supplies Inventory	1,690	7,792	9,482
Endowment	0	25,000	25,000
Total Nonspendable	10,192	33,302	43,494
Restricted for:			
Debt Service	0	881,211	881,211
Capital Outlay	0	950,309	950,309
Food Service Operations	0	662,506	662,506
Facilities Maintenance	0	217,747	217,747
Student Activities	0	256,062	256,062
Scholarships	0	56,434	56,434
Other Purposes:			
Community Services	0	8,137	8,137
Educational Computer Network Connections	0	5,351	5,351
Instructional Programs	0	104,638	104,638
Total Restricted	0	3,142,395	3,142,395
Assigned to:			
Purchases on Order:			
Support Services	183	0	183
2024 Operations	7,322,089	0	7,322,089
Total Assigned	7,322,272	0	7,322,272
Unassigned (Deficit)	2,077,092	(92,964)	1,984,128
Total Fund Balances	$9,409,556	$3,082,733	$12,492,289

Note 18 – Donor Restricted Endowments

The School District's scholarship endowment permanent fund includes a donor restricted endowment. The net position – non-expendable amount of $25,000 represents the principal portion of the endowment. The net position – expendable amount of $9,995 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment's intent. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

Note 19 – Encumbrances

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

General	$7,368
Other Governmental Funds	463,280
Total	$470,648

Note 20 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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 21 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 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 $364,303 for fiscal year 2023. Of this amount $59,207 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, Ohio 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 $1,260,167 for fiscal year 2023. Of this amount $127,293 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	0.06671980%	0.06790733%	
Prior Measurement Date	0.07006520%	0.07305074%	
Change in Proportionate Share	-0.00334540%	-0.00514341%	
Proportionate Share of the Net Pension Liability	$3,608,726	$15,095,887	$18,704,613
Pension Expense	($70,123)	$1,052,935	$982,812

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 experienc	$146,157	$193,246	$339,403
Changes of assumptions	35,608	1,806,523	1,842,131
Net difference between projected and actual earnings on pension plan investments	0	525,304	525,304
School District contributions subsequent to the measurement date	364,303	1,260,167	1,624,470
Total Deferred Outflows of Resources	$546,068	$3,785,240	$4,331,308
Deferred Inflows of Resources			
Differences between expected and actual experienc	$23,691	$57,744	$81,435
Changes of assumptions	0	1,359,793	1,359,793
Net difference between projected and actual earnings on pension plan investments	125,928	0	125,928
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	207,759	1,707,843	1,915,602
Total Deferred Inflows of Resources	$357,378	$3,125,380	$3,482,758

$1,624,470 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	($128,359)	($631,551)	($759,910)
2025	(76,635)	(680,833)	(757,468)
2026	(179,891)	(818,892)	(998,783)
2027	209,272	1,530,969	1,740,241
Total	($175,613)	($600,307)	($775,920)

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	$5,311,872	$3,608,726	$2,173,848

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	$22,804,387	$15,095,887	$8,576,879

Note 21 – Defined Benefit OPEB Plans

See Note 20 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 $48,719.

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 $48,719 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	0.06841690%	0.06790733%	
Prior Measurement Date	0.07239440%	0.07305074%	
Change in Proportionate Share	-0.00397750%	-0.00514341%	
Proportionate Share of the:			
Net OPEB Liability	$960,580	$0	$960,580
Net OPEB (Asset)	$0	($1,758,347)	($1,758,347)
OPEB Expense	($90,762)	($350,946)	($441,708)

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	$8,075	$25,490	$33,565
Changes of assumptions	152,793	74,900	227,693
Net difference between projected and actual earnings on OPEB plan investments	4,993	30,609	35,602
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	20,552	4,424	24,976
School District contributions subsequent to the measurement date	48,719	0	48,719
Total Deferred Outflows of Resources	$235,132	$135,423	$370,555
Deferred Inflows of Resources			
Differences between expected and actual experience	$614,458	$264,070	$878,528
Changes of assumptions	394,325	1,246,837	1,641,162
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	389,821	39,814	429,635
Total Deferred Inflows of Resources	$1,398,604	$1,550,721	$2,949,325

$48,719 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	($264,016)	($437,371)	($701,387)
2025	(271,001)	(399,075)	(670,076)
2026	(243,877)	(190,054)	(433,931)
2027	(166,743)	(79,405)	(246,148)
2028	(109,354)	(102,421)	(211,775)
Thereafter	(157,200)	(206,972)	(364,172)
Total	($1,212,191)	($1,415,298)	($2,627,489)

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 20.

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	$1,193,055	$960,580	$722,910

	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	$740,780	$960,580	$1,247,675

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 20.

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)	($1,625,545)	($1,758,347)	($1,872,103)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset`	($1,823,833)	($1,758,347)	($1,675,686)

Note 22 – Interfund Transactions

Interfund Transfers

The general fund made a transfer of $1,924 to the title III special revenue fund, which was to provide funding for that program.

Interfund Balances

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

Interfund Payable	Interfund Receivable General
Special Revenue Funds:	
Miscellaneous State Grants	$2,351
IDEA Part B	22,597
Title I - Supplemental School Improvements	20,680
Title I	27,662
Title IV - A	952
Improving Teacher Quality	1,549
Permanent Fund:	
Longworth Scholarship Endowment	1,966
Total Interfund Balances	$77,757

The advances totaling $77,757 from the general fund to the various special revenue and permanent funds were made to support the activities of those funds due to the timing of grant collections and endowments, respectively. The balances are anticipated to be repaid within one year.

Note 23 – 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 of 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.

Coventry Local School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.06671980%	0.07006520%	0.07553360%	0.07989330%
School District's Proportionate Share of the Net Pension Liability	$3,608,726	$2,585,203	$4,995,951	$4,780,156
School District's Covered Payroll	$2,428,786	$2,427,114	$2,658,493	$2,772,148
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	148.58%	106.51%	187.92%	172.44%
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
0.08541230%	0.08095130%	0.08461760%	0.09117520%	0.08881500%	0.08881500%
$4,891,721	$4,836,661	$6,193,228	$5,202,545	$4,494,877	$5,281,543
$2,658,341	$2,534,836	$2,402,914	$3,243,460	$2,950,166	$2,710,896
184.01%	190.81%	257.74%	160.40%	152.36%	194.83%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Coventry Local School District

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

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.06790733%	0.07305074%	0.07587696%	0.08113600%
School District's Proportionate Share of the Net Pension Liability	$15,095,887	$9,340,193	$18,359,524	$17,942,739
School District's Covered Payroll	$8,861,879	$8,927,086	$9,141,243	$9,187,921
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.35%	104.63%	200.84%	195.29%
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
0.08168107%	0.08164796%	0.08585734%	0.08824592%	0.08875798%	0.08875798%
$17,959,833	$19,395,648	$28,739,040	$24,388,591	$21,589,012	$25,716,690
$8,981,321	$8,820,200	$10,107,750	$8,754,400	$9,418,569	$9,581,962
199.97%	219.90%	284.33%	278.59%	229.22%	268.39%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Coventry Local School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.06841690%	0.07239440%	0.07871730%	0.08196270%
School District's Proportionate Share of the Net OPEB Liability	$960,580	$1,370,123	$1,710,785	$2,061,190
School District's Covered Payroll	$2,428,786	$2,427,114	$2,658,493	$2,772,148
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.55%	56.45%	64.35%	74.35%
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
0.08616250%	0.08203780%	0.08569280%
$2,390,381	$2,201,679	$2,442,562
$2,658,341	$2,534,836	$2,402,914
89.92%	86.86%	101.65%
13.57%	12.46%	11.49%

Coventry Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
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	0.06790733%	0.07305074%	0.07587696%	0.08113600%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($1,758,347)	($1,540,215)	($1,333,536)	($1,343,807)
School District's Covered Payroll	$8,861,879	$8,927,086	$9,141,243	$9,187,921
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	(21.20%)	(17.25%)	(14.59%)	(14.63%)
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
0.08168107%	0.08164796%	0.08585734%
($1,312,531)	$3,185,602	$4,591,673
$8,981,321	$8,820,200	$10,107,750
(14.61%)	36.12%	45.43%
176.00%	47.10%	37.30%

Coventry Local 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	2019
Net Pension Liability					
Contractually Required Contribution	$364,303	$340,030	$339,796	$372,189	$374,240
Contributions in Relation to the Contractually Required Contribution	(364,303)	(340,030)	(339,796)	(372,189)	(374,240)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
School District Covered Payroll (1)	$2,602,164	$2,428,786	$2,427,114	$2,658,493	$2,772,148
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability					
Contractually Required Contribution (2)	$48,719	$45,679	$47,191	$52,160	$64,300
Contributions in Relation to the Contractually Required Contribution	(48,719)	(45,679)	(47,191)	(52,160)	(64,300)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.87%	1.88%	1.94%	1.96%	2.32%
Total Contributions as a Percentage of Covered Payroll (2)	15.87%	15.88%	15.94%	15.96%	15.82%

(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

2018	2017	2016	2015	2014
$358,876	$354,877	$336,408	$427,488	$408,893
(358,876)	(354,877)	(336,408)	(427,488)	(408,893)
$0	$0	$0	$0	$0
$2,658,341	$2,534,836	$2,402,914	$3,243,460	$2,950,166
13.50%	14.00%	14.00%	13.18%	13.86%
$57,672	$44,208	$43,113	$74,853	$49,630
(57,672)	(44,208)	(43,113)	(74,853)	(49,630)
$0	$0	$0	$0	$0
2.17%	1.74%	1.79%	2.31%	1.68%
15.67%	15.74%	15.79%	15.49%	15.54%

Coventry Local 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	2019
Net Pension Liability					
Contractually Required Contribution	$1,260,167	$1,240,663	$1,249,792	$1,279,774	$1,286,309
Contributions in Relation to the Contractually Required Contribution	(1,260,167)	(1,240,663)	(1,249,792)	(1,279,774)	(1,286,309)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
School District Covered Payroll (1)	$9,001,193	$8,861,879	$8,927,086	$9,141,243	$9,187,921
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset)					
Contractually Required Contribution	$0	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	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

2018	2017	2016	2015	2014
$1,257,385	$1,234,828	$1,415,085	$1,225,616	$1,224,414
(1,257,385)	(1,234,828)	(1,415,085)	(1,225,616)	(1,224,414)
$0	$0	$0	$0	$0
$8,981,321	$8,820,200	$10,107,750	$8,754,400	$9,418,569
14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$94,186
0	0	0	0	(94,186)
$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%
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 Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Changes in Assumptions - STRS

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

	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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Changes in Benefit Term – STRS

For 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 will be discontinued beginning January 2020.

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

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

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

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

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

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COVENTRY LOCAL SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/ *Pass-Through Grantor/* Program or Cluster Title	Assistance Listing Number	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture			
Passed through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$ 49,739	$ 0
National School Lunch Program	10.555	344,577	0
COVID-19 - National School Lunch Program	10.555	42,351	59,493
Total Child Nutrition Cluster		436,667	59,493
State Pandemic EBT Administrative Grants	10.649	628	0
Total U.S. Department of Agriculture		437,295	59,493
U.S. Department of the Treasury			
Passed Through the Ohio Department of Education			
COVID-19 State and Local Fiscal Recovery	21.027	45,150	0
Total Passed Through the Ohio Department of Education		45,150	0
Total ALN #21.027		45,150	0
Total U.S. Department of the Treasury		45,150	0
U.S. Department of Education			
Passed through Ohio Department of Education			
Title I - Grants to Local Educational Agencies	84.010	453,325	0
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	384,170	0
COVID-19 - Special Education - Grants to States ARP	84.027	106,921	0
Total Special Education Cluster (IDEA)		491,091	0
Improving Teacher Quality State Grants	84.367	47,967	0
Student Support and Academic Enrichment Program	84.424	29,385	0
Education Stabilization Fund -			
COVID-19 - Elementary and Secondary School Emergency Relief Fund II	84.425D	453,597	
COVID-19 - Elementary and Secondary School Emergency Relief Fund ARP	84.425U	1,387,056	0
COVID-19 - ARP Homeless	84.425W	12,669	
Total ALN #84.425		1,853,322	0
Total U.S. Department of Education		2,875,090	0
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 3,357,535	$ 59,493

See accompanying notes to the Schedule of Expenditures of Federal Awards.

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

NOTE 1: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Coventry Local School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 Coventry Local School District, it is not intended to and does not present the financial position or changes in net position of the Coventry Local School District.

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

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

NOTE 3: **INDIRECT COST RATE**

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

NOTE 4: **CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE 5: **FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Coventry Local School District
Summit County
3257 Cormany Road
Akron, Ohio 44319

To the Members of 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Coventry Local School District, Summit County, Ohio, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 28, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

February 28, 2024

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

Coventry Local School District
Summit County
3257 Cormany Road
Akron, Ohio 44319

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Coventry Local School District, Summit County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2023. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted an 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 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 Coventry Local 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Coventry Local School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements to the Coventry Local 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 Coventry Local 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 Coventry Local 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 Coventry Local 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 Coventry Local 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 Coventry Local 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.

Report on Internal Control over Compliance

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

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

February 28, 2024

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

1. **SUMMARY OF AUDITOR'S RESULTS**

2023(i)	Type of Financial Statement Opinion	Unmodified
2023(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2023(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2023(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2023(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2023(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2023(v)	Type of Major Programs' Compliance Opinions	Unmodified
2023(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2023(vii)	Major Programs (list): Education Stabilization Fund - COVID-19 - ESSER II - ALN #84.425D COVID-19 - ARP ESSER - ALN #84.425U COVID-19 - ARP Homeless - ALN #84.425W	
2023(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others less than $750,000
2023(ix)	Low Risk Auditee?	Yes

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

None.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

COVENTRY LOCAL SCHOOL DISTRICT
SUMMIT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The audit report for the fiscal year ending June 30, 2022, included no citations or instance of noncompliance. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences this audit period.

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OHIO AUDITOR OF STATE
KEITH FABER

COVENTRY LOCAL SCHOOL DISTRICT

SUMMIT 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 4/11/2024

88 East Broad Street, Columbus, Ohio 43215
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