OHIO AUDITOR OF STATE
KEITH FABER

CARDINAL LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

CARDINAL LOCAL SCHOOL DISTRICT
GEAUGA COUNTY
JUNE 30, 2023

TABLE OF CONTENTS
(CONTINUED)

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INDEPENDENT AUDITOR'S REPORT

Cardinal Local School District
Geauga County
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To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio (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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, Ohio as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General and the Elementary and Secondary School Emergency Relief fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are 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 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 March 11, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2024

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The management's discussion and analysis of Cardinal 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Total revenues of $20,228,534 were comprised of general revenues in the amount of $15,041,044 or 74.35 percent and program specific revenues from charges for services, grants and contributions in the amount of $5,187,490 or 25.65 percent.

- The School District had $16,613,405 in expenses related to governmental activities; only $5,187,490 of these expenses was offset by program specific charges for services and grants and contributions. General revenues (primarily taxes and school foundation) helped to provide for these programs.

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 Cardinal Local School District as a financial whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the School District as a whole begins on page 6. 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* provide the basis for the answer to this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting recognizes all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and any changes in 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 strictly within the scope of the School District, some not. External factors include the School District's property tax base, community demographics and current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

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

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, the fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the Elementary and Secondary School Emergency Relief special revenue fund and the bond retirement debt service fund.

Governmental Funds Most 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 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 these financial statements.

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary Funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. The School District's only fiduciary fund is custodial and it reports tournament activity through the Ohio High School Athletic Association.

The School District as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net position for 2023 compared to 2022:

(Table 1)
Net Position
Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	$18,628,617	$17,809,271	$819,346
Net OPEB Asset	961,386	846,432	114,954
Capital Assets	7,908,363	7,958,696	(50,333)
Total Assets	$27,498,366	$26,614,399	$883,967

(continued)

(Table 1)
Net Position
Governmental Activities (continued)

	2023	2022	Change
Deferred Outflows of Resources			
Pension	$2,598,860	$2,741,241	($142,381)
OPEB	293,922	371,888	(77,966)
Total Deferred Outflows of Resources	2,892,782	3,113,129	(220,347)
Liabilities			
Current Liabilities	1,820,216	1,780,229	(39,987)
Long-Term Liabilities			
Due within One Year	1,207,811	1,176,650	(31,161)
Due in More than One Year:			
Net Pension Liability	11,095,803	7,230,386	(3,865,417)
Net OPEB Liability	751,452	1,108,785	357,333
Other Amounts Due in More than One Year	6,191,067	7,096,588	905,521
Total Liabilities	21,066,349	18,392,638	(2,673,711)
Deferred Inflows of Resources			
Deferred Charge on Refunding	8,885	11,847	2,962
Property Taxes	7,749,591	9,089,762	1,340,171
Pension	1,818,411	6,145,200	4,326,789
OPEB	1,901,256	1,856,554	(44,702)
Total Deferred Inflows of Resources	11,478,143	17,103,363	5,625,220
Net Position			
Net Investment in Capital Assets	1,358,779	498,094	860,685
Restricted for:			
Capital Projects	717,897	563,122	154,775
Debt Service	1,401,308	1,380,505	20,803
OPEB Plam	133,564	0	133,564
Other Purposes	190,029	214,456	(24,427)
Unrestricted (Deficit)	(5,954,921)	(8,424,650)	2,469,729
Total Net Position	($2,153,344)	($5,768,473)	$3,615,129

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide 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 above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension 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.

The School District management feels the standard explanation of GASB 68 and GASB 75 and the negative effects of reporting these liabilities on our financial statements, which are *not* liabilities of the School District, is difficult to understand and misleading to the reader about the true position of the School District's financial picture.

Governmental total assets increased mainly due to an increase in equity in pooled cash and cash equivalents bolstered by the sale of the former intermediate school along with additional operating grants and contributions as the School District continues to receive federal awards specific to the pandemic.

Total liabilities increased during fiscal year 2023, which is mainly attributable to the increase in the net pension liability. This increase was offset by a decrease in the deferred inflows of resources related to net pension. The School District also made principal retirement payments specific to their general obligation bonds and certificates of participation, amounting to $870,000 reducing their long-term obligations.

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

(Table 2)
Change in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	$758,094	$684,293	$73,801
Operating Grants and Contributions	4,343,226	2,222,221	2,121,005
Capital Grants and Contributions	86,170	169,160	(82,990)
Total Program Revenues	5,187,490	3,075,674	2,111,816
General Revenues			
Property Taxes	10,764,220	11,179,812	(415,592)
Grants and Entitlements	3,797,421	4,430,992	(633,571)
Investment Earnings/Interest	149,289	11,972	137,317
Gain on Sale of Capital Assets	300,000	0	300,000
Miscellaneous	30,114	124,009	(93,895)
Total General Revenues	15,041,044	15,746,785	(705,741)
Total Revenues	$20,228,534	$18,822,459	$1,406,075

(continued)

(Table 2)
Change in Net Position
Governmental Activities (continued)

	2023	2022	Change
Program Expenses			
Current:			
Instruction	$9,047,472	$7,499,736	($1,547,736)
Support Services:			
Pupil and Instructional Staff	1,276,251	736,707	(539,544)
Board of Education, Administration, Fiscal and Business	1,387,019	1,284,556	(102,463)
Operation and Maintenance of Plant	1,902,520	1,557,145	(345,375)
Pupil Transportation	1,344,969	1,004,163	(340,806)
Central	302,264	252,628	(49,636)
Operation of Non-Instructional Services:			
Food Services Operations	503,380	504,104	724
Other Non-Instructional Services	0	13,566	13,566
Extracurricular Activities	531,619	472,995	(58,624)
Interest	317,911	344,426	26,515
Total Program Expenses	16,613,405	13,670,026	(2,943,379)
Change in Net Position	3,615,129	5,152,433	(1,537,304)
Net Position Beginning of Year	(5,768,473)	(10,920,906)	5,152,433
Net Position End of Year	($2,153,344)	($5,768,473)	$3,615,129

Governmental Activities

The School District saw an increase in revenues during fiscal year 2023 largely due to an increase in operating grants and contributions. This increase can be explained by the School District receiving more in Elementary and Secondary School Emergency relief funds during the year.

Total program expenses increased during fiscal year 2023. The largest component of the increase in program expenses resulted from the changes in assumptions and benefit terms related to pensions and other postemployment benefits when compared to the prior year. Regular and special instruction saw the largest increase.

The unique property tax structure in Ohio factors in protection for property owners against inflation through millage rollbacks that offset value increases. Since 1992, the Board has regularly placed a 9.7 mill five year limited operating levy before the voters. The replacement is calculated as a levy on the current tax duplicate unlike renewal levies that are calculated on the value of the duplicate when the issue first received voter approval. Continuing the five year replacement process helps offset the inflation limiting effects of Ohio law. The Board last brought a 9.7 mill replacement operating levy before the voters in November 2017 which passed by a good margin. The passage of the 9.7 mill replacement levy in November 2017 along with the passage of the 5.5 mill continuing levy that was passed in May 2017, enables the School District to operate at current reduced levels for the next several years.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2023 compared to 2022. The ($11,425,915) *Net Cost of Services* tells the reader that these services are not self-supporting, but are supported by tax revenues and unrestricted State entitlements.

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

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	$9,047,472	($6,932,339)	$7,499,736	($6,011,951)
Support Services:				
Pupil and Instructional Staff	1,276,251	(654,128)	736,707	(557,285)
Board of Education, Administration,				
Fiscal and Business	1,387,019	(1,345,337)	1,284,556	(1,247,296)
Operation and Maintenance of Plant	1,902,520	(1,147,551)	1,557,145	(1,439,237)
Pupil Transportation	1,344,969	(423,359)	1,004,163	(808,471)
Central	302,264	(290,451)	252,628	(241,083)
Operation of Non-Instructional Services:				
Food Service Operations	503,380	(134,118)	504,104	36,317
Other Non-Instructional Services	0	0	13,566	(5,048)
Extracurricular Activities	531,619	(180,721)	472,995	24,128
Interest	317,911	(317,911)	344,426	(344,426)
Total	$16,613,405	($11,425,915)	$13,670,026	($10,594,352)

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $19,946,462 and expenditures of $18,125,464. In fiscal year 2023, the increase in fund balance was most significant in the general fund due to an increase in property taxes as well as an increase in investment earnings. The ESSER fund saw a decrease in fund balance as the School District anticipates reimbursement for expenditures made during the academic year.

The bond retirement fund is currently collecting tax revenues to pay down the refunded debt for the Middle School Building project. This project was completed in 2002 and the first classes were held in the new building that fall. The County Auditor has determined in previous years that the current millage is collecting more revenues than needed for debt retirement and began reducing the millage effective with tax bills received after January 2011. During fiscal year 2018, the School District refunded a portion of the outstanding School Improvement Refunding Bonds in efforts to save the taxpayers money on the interest portion of the debt. These refunded bonds will be paid off in 2026.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget a number of times. Most of the amendments are due to changes in expenditure priorities for the professional services and maintenance and repair needs. For the general fund, the final budget basis revenue estimate was $13,709,974 representing a $730,560 decrease from the original budget estimate of $14,440,534. This is due to a decrease in property tax estimates, intergovernmental and extracurricular activities revenues expected to be received. The School District's general fund unencumbered balance at the end of the fiscal year was $4,737,616.

During fiscal year 2023, modifications to the original budgeted appropriations of $12,087,574 included a mix of decreases and increases to line items to arrive at a final budget of $12,422,119.

The School District ended the fiscal year $385,480 higher than budgeted showing the conservative approach to spending was working even during the alternative instructional period. Each month the budget is reviewed by the Treasurer to ensure that the School District is keeping a slow growth approach to spending. Needs are being assessed and goals are set to ensure the educational needs of the students are met within a very tight budget. The School District has adopted a fund/major object level of budgeting for the general fund and a fund level budgeting for all other funds.

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2023, the decrease in capital assets was the result of selling former intermediate school as well as an additional year of depreciation on all capital assets. This decrease was offset by asset additions that included remodeling the softball dugout and fencing, roof improvements to the maintenance garage as well as replacement of the public announcement system at all three school buildings. The School District also purchased 3 new school buses and sold an old school building. More information regarding capital assets is presented in Note 12.

Debt

At June 30, 2023 the School District had $6,394,787 in bonds and certificates of participation term bonds outstanding and $890,000 due within one year. The School District's overall legal debt margin was $32,136,767 with an unvoted debt margin of $363,033 at June 30, 2023. More information regarding long-term debt obligations of the School District is presented in Note 16.

Challenges and Opportunities for the Future

Cardinal Local School District has been presented with financial challenges during the past decade while always looking out for opportunities for improvement at all levels. The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast. Our ending unreserved cash balance June 30, 2023 was higher than previous years as a result of expenses being offset by federal funding including ESSER/ARP funding and strong fiscal discipline throughout the year.

Property tax collections are the largest revenue source for the school system and currently account for approximately 67 percent of our general fund revenue. In total, local revenue sources account for 74 percent of our general fund revenue. A reappraisal will occur in tax year 2023 for collection in fiscal year 2024. We anticipate value increases for Class I and II property; however, there is always a risk that the School District could sustain a reduction in values in the next appraisal update.

For fiscal year 2022 and moving forward, School District foundation funding received from the State of Ohio, was funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. This differs from fiscal year 2021 and prior, where the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. The effect of the change in State funding can be seen in the financial statements represented by lower charges for services program revenues and higher general revenues as expenditures are being paid from COVID-19 distributions from the federal government instead of the general fund.

HB166, the State budget that ended June 30, 2021, continues the Public Utility Tangible Personal Property (TPP) Fixed Rate Reimbursement phase-out contained in prior legislation, Senate Bill 208, which will lower the payment each year until complete phase out in FY24/FY25. This has significantly impacted Cardinal School District and if we cumulatively add the impact of each year's cut through FY21 we will have lost roughly $12.28 Million in revenue since fiscal year 2012 when the phase out began.

The School District was awarded funds from the Coronavirus Act, Relief and Economic Security (CARES Act), Coronavirus Response and Relief Supplemental Appropriations (CRRSA Act or ESSER II), and the American Rescue Plan (ARP Act or ESSER III). The School District is planning on the most efficient ways to help students with instructional recovery because of the COVID-19 Pandemic as well as sustaining the School District's long-term needs.

Furthermore, we have continued working on improving the School District MOODY's credit rating. Cardinal Local School District's financial position has improved but remains narrow, and the School District will continue to be challenged by declining enrollment and its dependency on voter approval of operating levies. The socioeconomic profile is average, and leverage is elevated, however fixed costs are moderate. The positive outlook of the past year reflects the School District's progress toward rebuilding operating reserves. While the improved financial position minimizes the probability of a near-term default, weak enrollment trends will remain a challenge. The outlook also considers the likelihood of credit strengthening over the near term should the School District continue to demonstrate structurally balanced financial operations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Various financial reports, including this one and other pertinent information can be found on the School District's website, www.cardinalschools.org, under the Finance Department. If you have questions about this report or need additional financial information, contact Terry Armstrong, Treasurer at Cardinal Local School District, 15982 East High Street, P.O. Box 188, Middlefield, Ohio 44062 or email at terry.armstrong@cardinalschools.org.

Basic Financial Statements

Cardinal Local School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$7,114,111
Accounts Receivable	10,959
Intergovernmental Receivable	389,406
Prepaid Items	2,575
Inventory Held for Resale	25,375
Materials and Supplies Inventory	24,851
Property Taxes Receivable	11,061,340
Net OPEB Asset (See Note 23)	961,386
Nondepreciable Capital Assets	560,094
Depreciable Capital Assets, Net	7,348,269
Total Assets	27,498,366
Deferred Outflows of Resources	
Pension	2,598,860
OPEB	293,922
Total Deferred Outflows of Resources	2,892,782
Liabilities	
Accounts Payable	228,445
Accrued Wages and Benefits	1,218,418
Intergovernmental Payable	307,037
Accrued Interest Payable	36,225
Vacation Benefits Payable	30,091
Long-Term Liabilities:	
Due Within One Year	1,207,811
Due In More Than One Year:	
Net Pension Liability (See Note 22)	11,095,803
Net OPEB Liability (See Note 23)	751,452
Other Amounts	6,191,067
Total Liabilities	21,066,349
Deferred Inflows of Resources	
Deferred Charge in Refunding	8,885
Property Taxes	7,749,591
Pension	1,818,411
OPEB	1,901,256
Total Deferred Inflows of Resources	11,478,143
Net Position	
Net Investment in Capital Assets	1,358,779
Restricted for:	
Capital Projects	717,897
Debt Service	1,399,436
OPEB Plans	133,364
Other Purposes	190,029
Unrestricted (Deficit)	(5,952,849)
Total Net Position	($2,153,344)

See accompanying notes to the basic financial statements

Cardinal 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 and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$5,771,402	$172,493	$1,277,786	$36,170	($4,284,953)
Special	3,272,957	64,127	564,557	0	(2,644,273)
Vocational	3,113	0	0	0	(3,113)
Support Services:					
Pupil	924,979	9,619	385,956	0	(529,404)
Instructional Staff	351,272	3,206	223,342	0	(124,724)
Board of Education	41,111	3,206	0	0	(37,905)
Administration	815,624	25,651	0	0	(789,973)
Fiscal	510,935	9,619	0	0	(501,316)
Business	19,349	3,206	0	0	(16,143)
Operation and Maintenance of Plant	1,902,520	32,064	672,905	50,000	(1,147,551)
Pupil Transportation	1,344,969	28,858	892,752	0	(423,359)
Central	302,264	6,413	5,400	0	(290,451)
Operation of Non-Instructional Services					
Food Service Operations	503,380	123,261	245,626	0	(134,493)
Other Non-Instructional Services	0	0	375	0	375
Extracurricular Activities	531,619	276,371	74,527	0	(180,721)
Interest	317,911	0	0	0	(317,911)
Totals	$16,613,405	$758,094	$4,343,226	$86,170	(11,425,915)

General Revenues	
Property Taxes Levied for:	
General Purposes	10,764,220
Grants and Entitlements not Restricted to Specific Programs	3,797,421
Investment Earnings/Interest	149,289
Gain on Sale of Capital Assets	300,000
Miscellaneous	30,114
Total General Revenues	15,041,044
Change in Net Position	3,615,129
Net Position Beginning of Year	(5,768,473)
Net Position End of Year	($2,153,344)

See accompanying notes to the basic financial statements

Cardinal Local School District
Balance Sheet
Governmental Funds
June 30, 2023

	General	Elementary and Secondary School Emergency Relief Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$4,968,421	$0	$1,237,853	$907,837	$7,114,111
Accounts Receivable	10,570	0	0	389	10,959
Intergovernmental Receivable	30,037	250,023	0	109,346	389,406
Interfund Receivable	112,388	0	0	0	112,388
Prepaid Items	2,575	0	0	0	2,575
Inventory Held for Resale	0	0	0	25,375	25,375
Materials and Supplies Inventory	19,859	0	0	4,992	24,851
Property Taxes Receivable	10,084,818	0	638,743	337,779	11,061,340
Total Assets	$15,228,668	$250,023	$1,876,596	$1,385,718	$18,741,005
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	$50,087	$128,264	$0	$50,094	$228,445
Accrued Wages and Benefits	1,074,833	34,873	0	108,712	1,218,418
Interfund Payable	0	68,487	0	43,901	112,388
Intergovernmental Payable	271,397	18,399	0	17,241	307,037
Total Liabilities	1,396,317	250,023	0	219,948	1,866,288
Deferred Inflows of Resources					
Property Taxes	7,024,089	0	474,551	250,951	7,749,591
Unavailable Revenue	877,802	97,766	33,249	54,292	1,063,109
Total Deferred Inflows of Resources	7,901,891	97,766	507,800	305,243	8,812,700
Fund Balances					
Nonspendable	22,434	0	0	4,992	27,426
Restricted	0	0	1,368,796	923,960	2,292,756
Assigned	735,542	0	0	0	735,542
Unassigned (Deficit)	5,172,484	(97,766)	0	(68,425)	5,006,293
Total Fund Balances (Deficit)	5,930,460	(97,766)	1,368,796	860,527	8,062,017
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$15,228,668	$250,023	$1,876,596	$1,385,718	$18,741,005

See accompanying notes to the basic financial statements

Cardinal Local School District

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

Total Governmental Fund Balances		$8,062,017
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.		7,908,363
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue.		
Delinquent Property Taxes	893,655	
Intergovernmental	137,794	
Tuition and Fees	22,760	
Insurance Proceeds	8,900	
Total		1,063,109
Deferred inflows of resources represent deferred gains on refundings, which are not reported in the funds.		(8,885)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(1,905,000)	
Certificates of Participation Term Bonds	(4,329,787)	
Energy Conservation Bonds	(160,000)	
Financed Purchases	(93,764)	
Compensated Absences Payable	(858,179)	
Leases Payable	(52,148)	
Total		(7,398,878)
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(36,225)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.		(30,091)
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	2,598,860	
Deferred Inflows - Pension	(1,818,411)	
Net Pension Liability	(11,095,803)	
Net OPEB Asset	961,386	
Deferred Outflows - OPEB	293,922	
Deferred Inflows - OPEB	(1,901,256)	
Net OPEB Liability	(751,452)	
Total		(11,712,754)
Net Position of Governmental Activities		($2,153,344)

See accompanying notes to the basic financial statements

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

	General	Elementary and Secondary School Emergency Relief Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	$9,817,046	$0	$617,767	$323,332	$10,758,145
Intergovernmental	3,899,026	3,269,177	69,631	858,817	8,096,651
Investment Earnings/Interest	149,289	0	0	0	149,289
Tuition and Fees	372,360	0	0	0	372,360
Extracurricular Activities	104,529	0	0	165,660	270,189
Contributions and Donations	14,087	0	0	124,527	138,614
Charges for Services	0	0	0	123,261	123,261
Rentals	16,739	0	0	0	16,739
Miscellaneous	21,214	0	0	0	21,214
Total Revenues	14,394,290	3,269,177	687,398	1,595,597	19,946,462
Expenditures					
Current:					
Instruction:					
Regular	4,890,657	827,903	0	14,972	5,733,532
Special	2,734,677	245,515	0	361,600	3,341,792
Support Services:					
Pupil	528,255	370,892	0	53,719	952,866
Instructional Staff	65,868	214,625	0	92,783	373,276
Board of Education	36,917	2,435	0	0	39,352
Administration	805,146	42,448	0	6,680	854,274
Fiscal	429,535	67,550	4,432	2,263	503,780
Business	17,901	9,823	0	0	27,724
Operation and Maintenance of Plant	881,019	640,006	0	359,121	1,880,146
Pupil Transportation	732,905	857,807	0	84,405	1,675,117
Central	282,946	8,962	0	15,699	307,607
Operation of Non-Instructional Services:					
Food Service Operations	1,106	45,282	0	486,153	532,541
Extracurricular Activities	325,855	3,565	0	252,523	581,943
Capital Outlay	0	0	0	56,347	56,347
Debt Service:					
Principal Retirement	102,137	0	600,000	246,321	948,458
Interest	6,058	0	64,363	246,288	316,709
Total Expenditures	11,840,982	3,336,813	668,795	2,278,874	18,125,464
Excess of Revenues Over (Under) Expenditures	2,553,308	(67,636)	18,603	(683,277)	1,820,998
Other Financing Sources (Uses)					
Sale of Capital Assets	0	0	0	300,000	300,000
Inception of Lease	32,388	0	0	0	32,388
Transfers In	0	0	0	541,664	541,664
Transfers Out	(541,664)	0	0	0	(541,664)
Total Other Financing Sources (Uses)	(509,276)	0	0	841,664	332,388
Net Change in Fund Balances	2,044,032	(67,636)	18,603	158,387	2,153,386
Fund Balances (Deficit) Beginning of Year	3,886,428	(30,130)	1,350,193	702,140	5,908,631
Fund Balances (Deficit) End of Year	$5,930,460	($97,766)	$1,368,796	$860,527	$8,062,017

See accompanying notes to the basic financial statements

Cardinal 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		$2,153,386
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period.		
Capital Outlay	1,089,728	
Depreciation/amortization	(853,926)	
Total		235,802
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.		(286,135)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	6,075	
Intergovernmental	(8,448)	
Tuition and Fees	(24,226)	
Extracurricular Activities	(229)	
Miscellaneous	8,900	
Total		(17,928)
Other financing sources, in the governmental funds, such as an inception of lease, increases long-term liabilities in the statement of net position.		(32,388)
Repayment of long-term obligations, such as principal, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		948,458
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Accrued Interest	3,850	
Amortization of Accounting Gain	2,962	
Amortization of Certificates of Participation Discount	(8,014)	
Total		(1,202)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(33,696)	
Vacation Benefits Payable	(19,778)	
Total		(53,474)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	989,619	
OPEB	34,672	
Total		1,024,291
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
Pension	(670,628)	
OPEB	314,947	
Total		(355,681)
Change in Net Position of Governmental Activities		$3,615,129

See accompanying notes to the basic financial statements

Cardinal 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	$9,869,403	$9,194,751	$9,194,751	$0
Intergovernmental	4,071,082	3,902,007	3,902,007	0
Interest	(9,864)	158,064	149,289	(8,775)
Tuition and Fees	179,892	326,812	329,812	3,000
Extracurricular Activities	192,259	88,691	88,691	0
Contributions and Donations	991	1,083	11,083	10,000
Rentals	26,534	15,799	15,799	0
Miscellaneous	110,237	22,767	23,277	510
Total Revenues	14,440,534	13,709,974	13,714,709	4,735
Expenditures				
Current:				
Instruction:				
Regular	5,010,274	5,076,204	4,996,441	79,763
Special	2,779,992	2,883,324	2,749,305	134,019
Support Services:				
Pupil	470,672	470,083	470,083	0
Instructional Staff	69,601	73,176	68,396	4,780
Board of Education	42,174	41,329	41,329	0
Administration	904,065	931,568	884,350	47,218
Fiscal	446,511	456,988	447,897	9,091
Business	20,176	21,035	19,782	1,253
Operation and Maintenance of Plant	911,024	946,955	936,592	10,363
Pupil Transportation	758,942	843,484	764,822	78,662
Central	283,107	286,827	279,061	7,766
Operation of Non-Instructional Services:				
Food Service Operations	1,134	1,106	1,106	0
Extracurricular Activities	303,663	305,913	296,228	9,685
Debt Service:				
Principal Retirement	82,008	80,000	80,000	0
Interest	4,231	4,127	4,127	0
Total Expenditures	12,087,574	12,422,119	12,039,519	382,600
Excess of Revenues Over (Under) Expenditures	2,352,960	1,287,855	1,675,190	387,335
Other Financing Sources (Uses)				
Advances In	173,353	53,384	51,529	(1,855)
Transfers Out	(595,077)	(543,730)	(543,730)	0
Total Other Financing Sources (Uses)	(421,724)	(490,346)	(492,201)	(1,855)
Net Change in Fund Balance	1,931,236	797,509	1,182,989	385,480
Fund Balance Beginning of Year	3,515,428	3,515,428	3,515,428	0
Prior Year Encumbrances Appropriated	39,199	39,199	39,199	0
Fund Balance End of Year	$5,485,863	$4,352,136	$4,737,616	$385,480

See accompanying notes to the basic financial statements

Cardinal Local School District

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

	Budgeted Amounts			
	Original	Final	Actual	Variance With Final Budget
Revenues				
Intergovernmental	$4,688,414	$4,413,268	$3,158,618	($1,254,650)
Expenditures				
Current:				
Instruction:				
Regular	1,151,121	855,024	855,024	0
Special	338,393	243,510	243,510	0
Support Services:				
Pupil	514,304	370,097	370,097	0
Instructional Staff	298,253	214,625	214,625	0
Board of Education	3,384	2,435	2,435	0
Administration	58,988	42,448	42,448	0
Fiscal	93,871	67,550	67,550	0
Business	13,651	9,823	9,823	0
Operation and Maintenance of Plant	720,797	1,462,318	1,462,318	0
Pupil Transportation	1,183,455	1,067,490	1,067,490	0
Central	12,454	8,962	8,962	0
Operation of Non-Instructional Services:				
Food Service Operations	63,111	45,415	45,415	0
Extracurricular Activities	4,954	3,565	3,565	0
Capital Outlay	4,038	2,906	2,906	0
Total Expenditures	4,460,774	4,396,168	4,396,168	0
Excess of Revenues Over (Under) Expenditures	227,640	17,100	(1,237,550)	(1,254,650)
Other Financing Sources (Uses)				
Advances Out	0	(17,100)	(17,100)	0
Net Change in Fund Balance	227,640	0	(1,254,650)	(1,254,650)
Fund Balance (Deficit) Beginning of Year	(32,440)	(32,440)	(32,440)	0
Prior Year Encumbrances Appropriated	32,440	32,440	32,440	0
Fund Balance (Deficit) End of Year	$227,640	$0	($1,254,650)	($1,254,650)

See accompanying notes to the basic financial statements

Cardinal Local School District

Statement of Fiduciary Net Position
Custodial Fund
June 30, 2023

	Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	$4,150
Liabilities	
Accounts Payable	$4,150

See accompanying notes to the basic financial statements

Cardinal Local School District

Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2023

Additions	
Collections for Other Organizations	$700
Deletions	
Distributions to Other Organizations	700
Change in Net Position	0
Net Position Beginning of Year	0
Net Position End of Year	$0

See accompanying notes to the basic financial statements

Note 1 - Description of the School District

Cardinal Local School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state and federal agencies. This Board controls the School District's instructional/support facilities staffed by 49 non-certificated employees, 75 certificated full time teaching personnel, 6 confidential employees, and 7 administrative employees to provide services to 756 students and other community members.

The School District was established February 1, 1957, through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 75 square miles. It is located in Geauga County, including all of Huntsburg, Middlefield and Parkman Townships and Middlefield Village. A small portion of Trumbull County, Mesopotamia Township, is also served by the School District.

Reporting Entity

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

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

The School District participates in three jointly governed organizations, one public entity risk pool and one insurance purchasing pool. These organizations are the Auburn Vocational School District, the Lake Geauga Computer Association, Ohio Schools Council, Stark County Schools Council of Government and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 17, 18 and 19 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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body 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, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District however has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental 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. The fiduciary fund is reported by type.

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. There are two categories of funds: governmental and fiduciary.

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

General Fund The general fund is the operating fund of the School District and is used to account and report for 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.

Elementary and Secondary School Emergency Relief (ESSER) Fund This fund accounts for and reports restricted Federal monies used to support the education of students in response to public health emergency.

Bond Retirement Fund The bond retirement fund is restricted for the accumulation of property tax revenues for, and the payment of, general obligation bonds issued for high school and elementary school additions, energy conservation and the construction of a new middle school.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to account for assets held by the School District as fiscal agent. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary fund is a custodial fund. The custodial fund is used to account for amounts held for the benefit of the Ohio High School Athletic Association.

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenditures) 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial 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 and statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

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

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

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 net pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 22 and 23.

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, unavailable revenue and gain on refunding. 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 grants, tuition and fees and insurance proceeds for a claim filed prior to fiscal year end. 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 22 and 23). A deferred gain on refunding results from the difference in carrying value of refunded debt and its reacquisition price.

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.

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

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

Budgetary Data

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

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

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 for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the budgetary statements reflect the final appropriations passed by the Board during the year.

Cash and Cash Equivalents

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

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

During fiscal year 2023, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to $250 million per day.

Under existing Ohio statutes al 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 fiscal year 2023 amounted to $149,289, of which $45,088 was assigned from other School District funds.

Prepaid Items

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of donated food, purchased food and school supplies held for resale and supplies held for consumption.

Deferred Charge/Gain 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 refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred inflows of resources on the statement of net position.

Bond Discounts

On the government-wide financial statements, bond discounts on certificates of participation (COPS) are deferred and amortized over the term of the bonds using the straight line method. On the governmental fund statements, bond discounts on COPS are receipted in the year the bonds or COPS 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.

Capital Assets

All capital assets (except for intangible right-to-use lease assets which are discussed below) of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Estimated Lives
Tangible Assets	
Land Improvements	15 - 35 years
Buildings and Improvements	10 - 50 years
Furniture and Equipment	5 - 15 years
Vehicles	5 - 10 years
Intangible Right to Use	
Lease Assets - Equipment	5 years

The School District is reporting intangible right to use assets related to leased equipment. 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, these intangible 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.

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. The School District records a liability for all accumulated unused vacation time when earned for all employees. 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.

Leases Payable

The School District serves as lessee in various noncancellable leases. 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 in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Accrued Liabilities and Long-term Obligations

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for athletic programs, food operations, and miscellaneous state and federal grant programs. Restricted Net Position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

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

Interfund Activity

Transfers between governmental activities 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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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.

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned amounts 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 balance for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education assigned fund balance for encumbrances, uniform school supplies, public school support and to cover fiscal year 2024 appropriations.

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.

Estimates

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

Note 3 – Change 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 long-term contracts that met the GASB 96 definition of a SBITA.

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 above.

Note 4 - Accountability

The following funds had deficit fund balances at June 30, 2023:

	Amount
Major Funds:	
ESSER	$97,766
Special Revenue Funds:	
Food Service Operations	29,860
IDEA Part B - Special Education	23,055
Title I	13,506
Title III	1,855
Improving Teacher Quality	149

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 5 – 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	Elementary and Secondary School Emergency Relief Fund	Bond Retirement	Other Governmental Funds	Total
Nonspendable					
Inventory	$19,859	$0	$0	$4,992	$24,851
Prepaids	2,575	0	0	0	2,575
Total Nonspendable	22,434	0	0	4,992	27,426
Restricted for					
Athletics and Music	0	0	0	84,123	84,123
Non-Public Schools	0	0	0	3,254	3,254
Student Programs	0	0	0	96,723	96,723
Technology Improvements	0	0	0	5,929	5,929
Debt Service Payments	0	0	1,368,796	33,616	1,402,412
Capital Improvements	0	0	0	700,315	700,315
Total Restricted	0	0	1,368,796	923,960	2,292,756
Assigned					
Purchases on Order:					
Support Services	40,537	0	0	0	40,537
Uniform School Supplies	57,898	0	0	0	57,898
Public School Support	35,537	0	0	0	35,537
Fiscal Year 2024 Appropriations	601,570	0	0	0	601,570
Total Assigned	735,542	0	0	0	735,542
Unassigned (Deficit)	5,172,484	(97,766)	0	(68,425)	5,006,293
Total Fund Balances (Deficit)	$5,930,460	($97,766)	$1,368,796	$860,527	$8,062,017

Note 6 - Budgetary Basis of Accounting

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

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

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

3. Budgetary revenues and expenditures of the uniform school supplies and public school support funds are reclassified to the general fund for GAAP Reporting.

4. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance.

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance

	General Fund	Elementary and Secondary School Emergency Relief Fund
GAAP Basis	$2,044,032	($67,636)
Net Adjustment for Revenue Accruals	(779,106)	(110,559)
Advances Out	0	(17,100)
Advances In	51,529	0
Net Adjustment for Expenditure Accruals	(9,351)	126,808
Perspective Differences:		
Uniform School Supplies	84,878	0
Public School Support	39,759	0
Encumbrances	(248,752)	(1,186,163)
Budget Basis	$1,182,989	($1,254,650)

Note 7 - Deposits and Investments

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

Active deposits 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.
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 above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

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

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

7. The State Treasurer’s investment pool (STAR Ohio).

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

Investments

At June 30, 2023, the School District had $5,806,325 invested in STAR Ohio with an average maturity of 38.5 days.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Note 8 - Receivables

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

	Amount
ESSER	$250,023
Improving Teacher Quality	73,313
Title VI - B	32,697
State of Ohio Foundation Adjustments	22,760
Chardon Local School District	3,959
Geauga County Auditor	3,318
Title VI - A	1,649
Classroom Reduction	1,337
Kirtland Local School District	350
Total Intergovernmental Receivable	$389,406

Note 9 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues 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 are established by State law at thirty-five percent of appraised market value. Real property are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

Accrued property taxes receivable includes real property 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 were 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 by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2023 was $2,217,905 in the general fund, $130,943 in the bond retirement fund and $69,246 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2022 was $1,595,610 in the general fund, $111,303 in the bond retirement fund and $56,787 in the permanent improvement capital projects fund.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Residential/Agricultural and Other Real Estate	$334,218,050	94.98 %	$344,407,970	94.87 %
Public Utility Personal	17,652,850	5.02	18,625,040	5.13
Total	$351,870,900	100.00 %	$363,033,010	100.00 %
Tax rate per $1,000 of assessed valuation	$59.56		$59.49	

Note 10 – Tax Abatements

School District property taxes were reduced as follows under community reinvestment area agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2023 Taxes Abated
Community Reinvestment Areas:	
Middlefield Village	$64,548
Parkman Township	27,531
	$92,079

Note 11 – Interfund Transfers and Balances

Interfund Transfers

The general fund made transfers to the permanent improvement capital projects fund in the amount of $435,250, to assist with capital improvement costs. The general fund made transfers to the food service special revenue fund in the amount of $99,946, to move unrestricted balances to support food service operations. The general fund made transfers to the athletics and music special revenue fund in the amount of $6,468 to support the fund programs.

Interfund Balances

Interfund balances at June 30, 2023, consist of the following individual fund receivables and payables:

	Interfund Receivable
Interfund Payable	General
Major Funds:	
ESSER	$68,487
Other Governmental Funds:	
Title VI-B	9,642
Title III	1,855
Title I	30,095
Title IV Student Support	1,649
Improvement Teacher Qualities	660
Total	$112,388

The interfund payables are advances for grant monies that were not received by fiscal year end and were to support programs and projects in the special revenue funds. Advances will be repaid within one year.

Note 12 - Capital Assets

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

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$560,094	$0	$0	$560,094
Capital Assets, being depreciated:				
Land Improvements	4,289,853	111,093	(24,650)	4,376,296
Buildings and Improvements	16,995,584	434,643	(1,030,196)	16,400,031
Furniture and Equipment	2,924,892	187,328	(460,442)	2,651,778
Vehicles	1,543,639	318,185	0	1,861,824
Infrastructure	4,804	0	0	4,804
Intangible Right to Use Lease - Equipment**	90,988	38,479	(35,526)	93,941
Total Capital Assets, being depreciated	25,849,760	1,089,728	(1,550,814)	25,388,674
Less Accumulated Depreciation/Amortization:				
Land Improvements	(2,867,338)	(207,266)	19,514	(3,055,090)
Buildings and Improvements	(11,882,510)	(454,593)	786,436	(11,550,667)
Furniture and Equipment	(2,641,653)	(107,174)	441,262	(2,307,565)
Vehicles	(1,028,740)	(63,827)	0	(1,092,567)
Infrastructure	(400)	(961)	0	(1,361)
Intangible Right to Use Lease - Equipment**	(30,517)	(20,105)	17,467	(33,155)
Total Accumulated Depreciation/Amortization	(18,451,158)	(853,926) *	1,264,679	(18,040,405)
Total Capital Assets, being depreciated, net	7,398,602	235,802	(286,135)	7,348,269
Governmental Activities Capital Assets, Net	$7,958,696	$235,802	($286,135)	$7,908,363

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

Instruction:	
Regular	$174,131
Special	14,756
Vocational	3,113
Support Services:	
Instructional Staff	14,427
Board of Education	1,759
Administration	13,320
Fiscal	3,518
Business	5,287
Operation of Plant	529,390
Pupil Transportation	69,802
Food Service Operations	12,156
Extracurricular Activities	12,267
Total Depreciation/Amortization Expense	$853,926

** Of the current year depreciation/amortization total of $853,926, $20,105 is presented in regular instruction 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. With the implementation of Governmental Accounting Standards Board Statement No. 87, Leases, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 13 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA) for property, fleet and liability insurance.

Company	Type of Coverage	Coverage Amount
SORSA	Fleet Insurance, single limit	$15,000,000
	Property	57,462,912
	Boilers and Machinery	5,000,000
	Employee Benefits Liability, in aggregate	15,000,000
	General Liability, in aggregate	17,000,000
	General Liability, per occurrence	15,000,000
	Employee Benefits Liability, per occurrence	15,000,000
	Public Officials Bond	20,000

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

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control and actuarial services to the GRP.

Insurance

The School District has contracted with the Stark County Schools Council of Government's Health Benefits Program to provide employee medical, prescription drug 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 $2,141.71 for family coverage and $881.26 for single coverage per month for medical and $239.79 for family coverage and $97.27 for single coverage per month for dental. The employees pay fifteen percent of the premium through a payroll deduction.

The School District provides $40,000 life insurance and accidental death and dismemberment insurance to all full-time employees through MetLife Insurance Company, in an amount equal to the employee's annual salary.

Note 14 – Vacation and Sick Leave

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified and confidential employees earn ten to twenty days of vacation per year, depending upon length of service. Upon approval, up to five days may be carried over into the following year. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and certified administrators 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 with no maximum limit for all certified and classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 100 days for certified and classified personnel.

Note 15 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

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, all ODE adjustments for fiscal year 2023 have been finalized.

Litigation

The Cardinal Local School District is a party to legal proceedings. The School District is of the opinion that the ultimate disposition of the current proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 16 - Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's bonds are:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
2006 School Improvement Refunding Bonds Current Interest Serial Bonds	4.13%	$7,020,000	December 1, 2025
2017 School Improvement Refunding Bonds Current Interest Serial Bonds	2.50%	3,460,000	December 1, 2025
2009 Energy Conservation Bonds Qualified School Construction Bonds	1.93%	1,068,252	September 15, 2024
2018 Certificates of Participation Term Bonds	5.25%	5,325,000	April 1, 2038

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

	Principal Outstanding 6/30/2022	Additions	Reductions	Principal Outstanding 6/30/2023	Amounts Due in One Year
General Obligation Bonds:					
2006 School Improvement Refunding Bonds Current Interest Serial Bonds	$670,000	$0	$165,000	$505,000	$165,000
2017 School Improvement Refunding Bonds Current Interest Serial Bonds	1,835,000	0	435,000	1,400,000	445,000
Total General Obligation Bonds Payable	2,505,000	0	600,000	1,905,000	610,000
Energy Conservation Bonds:					
2009 Qualified School Construction Bonds	240,000	0	80,000	160,000	80,000
Certificates of Participation:					
2018 Certificates of Participation	4,640,000	0	190,000	4,450,000	200,000
Unamortized Discount	(128,227)	0	(8,014)	(120,213)	0
Total Certificates of Participation	4,511,773	0	181,986	4,329,787	200,000
Compensated Absences	824,483	267,012	233,316	858,179	245,404
Lease Payable	41,897	32,388	22,137	52,148	17,069
Financed Purchase from Direct Borrowings	150,085	0	56,321	93,764	55,338
Net Pension Liability					
SERS	2,097,438	744,599	0	2,842,037	0
STRS	5,132,948	3,120,818	0	8,253,766	0
Total Net Pension Liability	7,230,386	3,865,417	0	11,095,803	0
Net OPEB Liability					
SERS	1,108,795	0	357,343	751,452	0
Total Governmental Activities Long-Term Liabilities	$16,612,419	$4,164,817	$1,531,103	$19,246,133	$1,207,811

All general obligation bonds and certificates of participation term bonds will be paid from property taxes reported within the bond retirement debt service funds. Energy conservation bonds will be paid from the general fund. Compensated absences will be paid from the general, food service, IDEA Part B – special education, title I and improving teacher quality special revenue funds. Lease payable will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the following funds: the general fund, title I, improving teacher quality, title VI-B and food service special revenue funds. For additional information related to the net pension liability and net OPEB liability see Notes 22 and 23.

On June 8, 2006, the School District issued $7,484,980 in general obligation school improvement refunding bonds, which included serial and capital appreciation bonds, in the amount of $7,020,000 and $464,980, respectively. The proceeds of the bonds were used to advance refund $7,485,000 of the School District's outstanding 2000 School Improvement bonds. The bonds were issued at a premium of $563,711. The bonds were issued for a 20 year period with final maturity at December 1, 2025. The final payment on the capital appreciation bonds was made in fiscal year 2015. As of June 30, 2021, the 2000 School Improvement bonds were considered fully defeased.

On December 31, 2017, the School District issued $3,460,000 in general obligation serial bonds to partially refund bonds previously issued in 2006 for school improvements, in the amount of $3,460,000. The bonds were issued with a fixed interest rate of 2.50 percent. The bonds were issued for an eight year period with final maturity during fiscal year 2025. The bonds will be retired through the bond retirement fund.

As of June 30, 2021, $2,305,000 of these bonds are considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements.

On July 23, 2015, the School District issued $300,000 in permanent improvement general obligation bonds. The proceeds of the bonds were used for various improvements throughout the School District. The bonds were issued at an interest rate of 3.35 percent for 5 years. The bonds were retired December 1, 2020.

On December 22, 2009, the School District issued $1,068,252 in energy conservation qualified school construction bonds. The proceeds of the bonds were used to replace and or update the heating and cooling systems in all four school buildings, replace lighting with energy efficient light bulbs and install an energy control system. The bonds were issued for a 15 year period with final maturity at September 15, 2024.

On April 6, 2018, the School District issued $5,325,000 in Certificates of Participation (COPS) for the purpose of permanent improvements to the School District buildings and grounds. The certificates of participation were issued for a twenty year period with final maturity in fiscal year 2038. The certificates will be paid from property taxes from the bond retirement debt service fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" 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 COPs were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for twenty successive one-year terms through fiscal year 2038 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 5.25 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. All proceeds were spent as of June 30, 2021.

Financed Purchase From Direct Borrowing – In prior years, the School District entered into financed purchase agreements for vehicles in the amounts of $288,484.

The School District's overall legal debt margin was $32,136,767 with an unvoted debt margin of $363,033 at June 30, 2023. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023 are as follows:

					From Direct Borrowings	
Fiscal	General Obligation Bonds		Energy Conservation Bonds		Financed Purchase	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$610,000	$46,762	$80,000	$2,316	$55,338	$3,534
2025	635,000	32,212	80,000	772	38,426	1,355
2026	660,000	12,851	0	0	0	0
Total	$1,905,000	$91,825	$160,000	$3,088	$93,764	$4,889

Fiscal	Certificates of Participation		Total	
Year	Principal	Interest	Principal	Interest
2024	$200,000	$233,625	$890,000	$282,703
2025	215,000	223,125	930,000	256,109
2026	225,000	211,838	885,000	224,689
2027	235,000	200,025	235,000	200,025
2028	250,000	187,688	250,000	187,688
2029-2033	1,450,000	728,437	1,450,000	728,437
2034-2038	1,875,000	305,813	1,875,000	305,813
Total	$4,450,000	$2,090,551	$6,515,000	$2,185,464

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. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2024	$17,069	$1,719
2025	17,501	1,287
2026	9,572	824
2027	7,369	327
2028	637	4
	$52,148	$4,161

Note 17 - Jointly Governed Organizations

Auburn Vocational School District

The Auburn Vocational School District is a joint vocational school district which is a jointly governed organization among eleven school districts. Each participating school district's board of education appoints one of its members to the Auburn Vocational School District's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Auburn Vocational School District is limited to its representation on the Board.

Continued existence of the Auburn Vocational School District is not dependent on the School District's continued participation. During fiscal year 2023, the School District did not make any contributions or payments to the Auburn Career Center. Financial information can be obtained from the Auburn Vocational School District, 8221 Auburn Road, Concord Township, Ohio 44077.

Lake Geauga Computer Association

The Lake Geauga Computer Association (the "LGCA") is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. During fiscal year 2023, the School District paid $129,374 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8221 Auburn Road, Concord Township, Ohio 44077.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 200 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2023, the School District paid $42,360 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director at the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy serves as the new supplier and program manager for the period from June 1, 2022 through June 30, 2025. There are currently 185 members in the Program. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 18 – Public Entity Risk Pool

Stark County Schools Council of Government The Stark County Schools Council of Government (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 19 - Insurance Purchasing Pool

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

Note 20 – Encumbrances

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

General	$248,752
Elementary and Secondary School Emergency Relief Fund	1,186,163
Other Governmental Funds	285,467
Total	$1,720,382

Note 21 – Set Asides

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

	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2022	$0
Current Year Set-aside Requirement	179,029
Current Year Offsets	(162,097)
Qualifying Disbursements	(184,609)
Total	($167,677)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Reserve Balance as of June 30, 2023	$0

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

Note 22 – 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 includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 23 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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 $267,168 for fiscal year 2023. Of this amount $25,931 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. 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 five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all 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 fifty and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 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 $722,451 for fiscal year 2023. Of this amount $89,009 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	0.05254490%	0.03712874%	
Prior Measurement Date	0.05684560%	0.04014538%	
Change in Proportionate Share	-0.00430070%	-0.00301664%	
Proportionate Share of the Net Pension Liability	$2,842,037	$8,253,766	$11,095,803
Pension Expense	$119,582	$551,046	$670,628

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$115,105	$105,659	$220,764
Changes of assumptions	28,042	987,727	1,015,769
Net difference between projected and actual earnings on pension plan investments	0	287,213	287,213
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	32,234	53,261	85,495
School District contributions subsequent to the measurement date	267,168	722,451	989,619
Total Deferred Outflows of Resources	$442,549	$2,156,311	$2,598,860
Deferred Inflows of Resources			
Differences between expected and actual experience	$18,657	$31,574	$50,231
Changes of assumptions	0	743,476	743,476
Net difference between projected and actual earnings on pension plan investments	99,174	0	99,174
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	162,435	763,095	925,530
Total Deferred Inflows of Resources	$280,266	$1,538,145	$1,818,411

$989,619 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	($38,468)	($206,214)	($244,682)
2025	(89,556)	(255,111)	(344,667)
2026	(141,672)	(480,023)	(621,695)
2027	164,811	837,063	1,001,874
Total	($104,885)	($104,285)	($209,170)

Actuarial Assumptions - SERS

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

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. 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 each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$4,183,343	$2,842,037	$1,712,005

Actuarial Assumptions – STRS

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

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

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50 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 is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 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%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$12,468,435	$8,253,766	$4,689,460

Note 23 - Defined Benefit OPEB Plans

See Note 22 for a description of the net OPEB liability.

School Employees Retirement System (SERS)

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

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 $34,672.

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 $34,672 for fiscal year 2023. Of this amount $34,672 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 post-employment 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 post-employment 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	0.05352180%	0.03712874%	
Prior Measurement Date	0.05858590%	0.04014538%	
Change in Proportionate Share	-0.00506410%	-0.00301664%	
Proportionate Share of the:			
Net OPEB Liability	$751,452	$0	$751,452
Net OPEB (Asset)	$0	($961,386)	($961,386)
OPEB Expense	($94,364)	($220,583)	($314,947)

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	$6,317	$13,937	$20,254
Changes of assumptions	119,528	40,952	160,480
Net difference between projected and actual earnings on OPEB plan investments	3,906	16,735	20,641
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	54,820	3,055	57,875
School District contributions subsequent to the measurement date	34,672	0	34,672
Total Deferred Outflows of Resources	$219,243	$74,679	$293,922
Deferred Inflows of Resources			
Differences between expected and actual experience	$480,684	$144,381	$625,065
Changes of assumptions	308,476	681,716	990,192
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	209,395	76,604	285,999
Total Deferred Inflows of Resources	$998,555	$902,701	$1,901,256

$34,672 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 in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($194,164)	($267,839)	($462,003)
2025	(182,247)	(245,655)	(427,902)
2026	(147,103)	(102,811)	(249,914)
2027	(92,142)	(42,587)	(134,729)
2028	(69,889)	(56,012)	(125,901)
Thereafter	(128,439)	(113,118)	(241,557)
Total	($813,984)	($828,022)	($1,642,006)

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 below:

	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 is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 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 22.

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 Single Equivalent Interest Rate (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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$933,314	$751,452	$604,639

	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	$579,504	$751,452	$976,043

Actuarial Assumptions – STRS

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

	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 22.

Discount Rate The discount rate used to measure the total OPEB liability (asset) 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 (asset) 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)	($888,777)	($961,386)	($1,023,583)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($997,192)	($961,386)	($916,191)

Note 24 – COVID – 19

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

Required Supplementary Information

Cardinal 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	0.05254490%	0.05684560%	0.05462730%	0.05377430%
School District's Proportionate Share of the Net Pension Liability	$2,842,037	$2,097,438	$3,613,165	$3,217,410
School District's Covered Payroll	$1,876,357	$1,995,879	$1,897,043	$1,906,200
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	151.47%	105.09%	190.46%	168.79%
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
0.05857350%	0.06181950%	0.06730500%	0.07055940%	0.72375000%	0.72375000%
$3,354,613	$3,693,578	$4,926,104	$4,026,187	$3,662,858	$4,303,909
$2,146,963	$1,965,250	$2,102,364	$2,114,530	$2,025,771	$2,097,931
156.25%	187.94%	234.31%	190.41%	180.81%	205.15%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Cardinal 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	0.05352180%	0.05858590%	0.05589970%	0.05521610%
School District's Proportionate Share of the Net OPEB Liability	$751,452	$1,108,785	$1,214,886	$1,388,568
School District's Covered Payroll	$1,876,357	$1,995,879	$1,897,043	$1,906,200
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	40.05%	55.55%	64.04%	72.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.05929620%	0.06280940%	0.06809790%
$1,645,036	$1,685,640	$1,941,042
$2,146,963	$1,965,250	$2,102,364
76.62%	85.77%	92.33%
13.57%	12.46%	11.49%

Cardinal 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	0.03712874%	0.04014538%	0.04213434%	0.04139532%
School District's Proportionate Share of the Net Pension Liability	$8,253,766	$5,132,948	$10,195,012	$9,154,326
School District's Covered Payroll	$4,813,893	$4,946,386	$5,119,657	$5,063,150
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	171.46%	103.77%	199.13%	180.80%
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
0.04141072%	0.04620047%	0.04866490%	0.05018326%	0.05071851%	0.05071851%
$9,105,288	$10,975,021	$16,289,610	$13,869,187	$12,336,497	$14,695,154
$4,687,329	$4,724,907	$4,717,786	$4,650,129	$5,202,323	$4,888,538
194.25%	232.28%	345.28%	298.25%	237.13%	300.60%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Cardinal 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 Liability/Asset	0.03712874%	0.04014538%	0.04213434%	0.04139532%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($961,386)	($846,432)	($740,510)	($685,607)
School District's Covered Payroll	$4,813,893	$4,946,386	$5,119,657	$5,063,150
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	-19.97%	-17.11%	-14.46%	-13.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.74%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.04141072%	0.04620047%	0.04866490%
($665,429)	$1,802,571	$2,602,612
$4,687,329	$4,724,907	$4,717,786
-14.20%	38.15%	55.17%
176.00%	47.10%	37.30%

Cardinal 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
Net Pension Liability				
Contractually Required Contribution	$267,168	$262,690	$279,423	$265,586
Contributions in Relation to the Contractually Required Contribution	(267,168)	(262,690)	(279,423)	(265,586)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,908,343	$1,876,357	$1,995,879	$1,897,043
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	34,672	33,900	31,405	28,280
Contributions in Relation to the Contractually Required Contribution	(34,672)	(33,900)	(31,405)	(28,280)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.82%	1.81%	1.57%	1.49%
Total Contributions as a Percentage of Covered Payroll (2)	15.82%	15.81%	15.57%	15.49%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$257,337	$289,840	$275,135	$294,331	$278,695	$280,772
(257,337)	(289,840)	(275,135)	(294,331)	(278,695)	(280,772)
$0	$0	$0	$0	$0	$0
$1,906,200	$2,146,963	$1,965,250	$2,102,364	$2,114,529	$2,025,771
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
45,420	45,323	34,588	40,986	50,482	29,442
(45,420)	(45,323)	(34,588)	(40,986)	(50,482)	(29,442)
$0	$0	$0	$0	$0	$0
2.38%	2.11%	1.76%	1.95%	2.39%	1.45%
15.88%	15.61%	15.76%	15.95%	15.57%	15.31%

Cardinal 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
Net Pension Liability				
Contractually Required Contribution	$722,451	$673,945	$692,494	$716,752
Contributions in Relation to the Contractually Required Contribution	(722,451)	(673,945)	(692,494)	(716,752)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$5,160,364	$4,813,893	$4,946,386	$5,119,657
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability/Asset				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$708,841	$656,226	$661,487	$660,490	$651,018	$676,302
(708,841)	(656,226)	(661,487)	(660,490)	(651,018)	(676,302)
$0	$0	$0	$0	$0	$0
$5,063,150	$4,687,329	$4,724,907	$4,717,786	$4,650,129	$5,202,323
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$52,023
0	0	0	0	0	(52,023)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

	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 below:

	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 Pension

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 below:

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

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

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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CARDINAL LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education and Workforce:			
Nutrition Cluster:			
School Breakfast Program	10.553	2023	$39,747
National School Lunch Program	10.555	2023	134,031
COVID-19 - National School Lunch Program	10.555	2023	24,196
Non-Cash Food Commodities	10.555	2023	16,345
Total Nutrition Cluster			**214,319**
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	2023	**628**
Total U.S. Department of Agriculture			**214,947**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education and Workforce:			
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2022	1,502,097
COVID-19 - American Resuce Plan (ARP) ESSER	84.425U	2022	1,707,908
Sub-Total ESSER			**3,210,005**
IDEA-B, Special Education Grants to State	84.027A	2022	168,444
Sub-Total IDEA-B, Special Education Grants to States			**168,444**
Title I, Grants to Local Educational Agencies	84.010A	2022	45,017
Title I, Grants to Local Educational Agencies	84.010A	2023	329,054
Sub-Total Title I, Grants to Local Educational Agencies			**374,071**
Title II, Part A - Improving Teacher Quality State Grants	84.367A	2022	50
Title II, Part A - Improving Teacher Quality State Grants	84.367A	2023	9,319
Sub-Total Title II, Improving Teacher Quality State Grants			**9,369**
Title VI-A Student Support and Academic Enrichment Program	84.424A	2023	12,129
Sub-Total Title VI-A Student Support and Academic Enrichment Program			**12,129**
Total Passed Through Ohio Department of Education and Workforce			**3,774,018**
Passed Through Geauga County Educational Service Center:			
Title III - English Language Acquisition	84.365	2021	**1,319**
Total U.S. Department of Education			**3,775,337**
Total Expenditures of Federal Awards			**$3,990,284**

The accompanying notes are an integral part of this schedule.

CARDINAL LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

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

OHIO AUDITOR OF STATE
KEITH FABER

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

Cardinal Local School District
Geauga County
15982 East High Street
P.O. Box 188
Middlefield, Ohio 44062

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cardinal Local School District, Geauga County, (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 March 11, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

Cardinal Local School District
Geauga County
15982 East High Street
P.O. Box 188
Middlefield, Ohio 44062

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Cardinal Local School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Cardinal Local School District's major federal program for the year ended June 30, 2023. Cardinal Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Cardinal Local School District complied, in all material respects, with the 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 the Major Federal Program

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

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 District's compliance with the requirements of the 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 11, 2024

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CARDINAL LOCAL SCHOOL DISTRICT
GEAUGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL# 84.425D – ESSER II; AL# 84.425U - ARP ESSER
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR 200.511(b)
JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Time and Effort Documentation	Fully Corrected	Not Applicable

OHIO AUDITOR OF STATE
KEITH FABER

CARDINAL LOCAL SCHOOL DISTRICT

GEAUGA 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 3/28/2024

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