



OHIO AUDITOR OF STATE
KEITH FABER



**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY
JUNE 30, 2023**

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MUSKINGUM COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

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 Maysville Local School District, Muskingum County, Ohio (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements 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 Maysville Local School District, Muskingum County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, as a change in reporting entity, Foxfire High School and Foxfire Intermediate School are no longer being presented as component units of the School District for fiscal year 2023. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 29, 2024

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Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The discussion and analysis of the Maysville Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

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

- Net position of governmental activities increased \$2,069,704.
- General revenues accounted for \$20,071,071 in revenue or 72 percent of all revenues. Program specific revenues in the form of charges for services, operating and capital grants, contributions, and interest accounted for \$7,960,662, or 28 percent of total revenues of \$28,031,733.
- The School District had \$25,962,029 in expenses related to governmental activities; only \$7,960,662 of these expenses were offset by program specific charges for services, operating and capital grants, contributions, and interest. General revenues of \$20,071,071 were adequate to provide for these programs.

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

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

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as governmental including instruction, support services, operation of non-instructional services, debt service, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multiple of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

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

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows.

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Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2023 compared to fiscal year 2022.

Table 1 - Net Position

	Governmental Activities		
	2023	2022	Change
Assets			
Current and Other Assets	\$21,213,046	\$20,040,892	\$1,172,154
Net OPEB Asset	1,893,950	1,556,402	337,548
Capital Assets	23,866,018	23,283,269	582,749
Total Assets	46,973,014	44,880,563	2,092,451
Deferred Outflows of Resources			
Pension	4,780,241	4,757,604	22,637
OPEB	400,773	479,470	(78,697)
Total Deferred Outflows of Resources	5,181,014	5,237,074	(56,060)
Liabilities			
Current and Other Liabilities	4,259,966	3,895,889	364,077
Long-Term Liabilities:			
Due Within One Year	319,863	290,747	29,116
Due In More Than One Year:			
Net Pension Liability	20,616,070	12,427,036	8,189,034
Net OPEB Liability	1,152,903	1,588,435	(435,532)
Other Amounts	1,789,318	1,816,563	(27,245)
Total Liabilities	28,138,120	20,018,670	8,119,450
Deferred Inflows of Resources			
Property Taxes	2,795,478	2,739,911	55,567
Pension	2,495,835	10,829,111	(8,333,276)
OPEB	3,076,448	2,951,502	124,946
Total Deferred Inflows of Resources	8,367,761	16,520,524	(8,152,763)
Net Position			
Net Investment in Capital Assets	23,015,632	22,697,542	318,090
Restricted	1,649,053	1,654,056	(5,003)
Unrestricted (Deficits)	(9,016,538)	(10,773,155)	1,756,617
Total Net Position	\$15,648,147	\$13,578,443	\$2,069,704

The net pension liability (NPL) is the largest liability reported by the School District at June 30, 2023, and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pension – an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises the accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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condition by adding deferred inflows related to pension, the net pension liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

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.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick 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,

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
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these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB (asset) liability, respectively, not accounted for as deferred inflows/outflows.

Total assets increased \$2,092,451. Current and other assets increased \$1,172,154, which was mainly due to an increase in cash and cash equivalents in the amount of \$1,123,171. The School District realized an increase in property taxes and investment income/interest, which resulted in an increase of cash balances. Prepaid items increased by \$132,183 from the prior fiscal year due to additional items in fiscal year 2023. The School District reflects a net OPEB asset in the amount of \$1,893,950 which increased \$337,548 from fiscal year 2022. See Note 13 for more information. Capital Assets reflected an increase due to current year capital asset additions exceeding deletions and depreciation/amortization expenses.

Total deferred outflows of resources decreased in the amount of \$56,060. This decrease was primarily due to the decrease in the changes of assumptions related to the School District's proportionate share of the net OPEB and the decrease in projected versus actual earnings on pension plan investments.

Total liabilities increased \$8,119,450. Long-term liabilities increased \$7,755,373 mainly due to the increase in the net pension liability in the amount of \$8,189,034 being offset by the decreases in net OPEB liability in the amount of \$435,532. The net pension/OPEB liability represents the School District's proportionate share of the STRS and SERS unfunded benefits. Changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability. The increase in current and other liabilities was due to increases in contracts payable. These contracts payable related to the new football field turf.

Total deferred inflows of resources decreased \$8,152,763. This decrease was the result of a decrease in deferred inflows of resources related to pension due to changes in pension plan investments. This decrease was offset by an increase in deferred inflows related to OPEB due to changes in assumptions and an increase of resources for property taxes.

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Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 2 shows the changes in net position for the fiscal year ended June 30, 2023, and comparisons to fiscal year ended June 30, 2022.

Table 2 - Changes in Net Position

	Governmental Activities		
	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	\$1,047,447	\$834,616	\$212,831
Operating Grants, Contributions, and Interest	6,196,379	6,735,099	(538,720)
Capital Grants and Contributions	716,836	371,412	345,424
Total Program Revenues	<u>7,960,662</u>	<u>7,941,127</u>	<u>19,535</u>
General Revenues			
Property Taxes	4,633,870	4,581,681	52,189
Grants and Entitlements	15,121,295	15,035,435	85,860
Investment Income/Interest	217,347	(22,662)	240,009
Miscellaneous	98,559	128,406	(29,847)
Total General Revenues	<u>20,071,071</u>	<u>19,722,860</u>	<u>348,211</u>
Total Revenues	<u>28,031,733</u>	<u>27,663,987</u>	<u>367,746</u>
Program Expenses			
Instruction			
Regular	11,175,517	9,236,941	1,938,576
Special	3,281,892	2,976,156	305,736
Vocational	567,916	514,015	53,901
Intervention	0	9,978	(9,978)
Support Services			
Pupils	1,222,639	1,201,663	20,976
Instructional Staff	1,030,848	778,772	252,076
Board of Education	143,219	96,407	46,812
Administration	2,045,075	1,677,867	367,208
Fiscal	477,976	431,324	46,652
Operation and Maintenance of Plant	1,863,627	1,886,459	(22,832)
Pupil Transportation	1,438,372	1,266,475	171,897
Central	76,428	68,868	7,560
Operation of Non-Instructional Services			
Food Service Operations	1,684,416	1,314,118	370,298
Other	6,100	6,823	(723)
Extracurricular Activities	938,584	798,746	139,838
Interest and Fiscal Charges	9,420	15,114	(5,694)
Total Expenses	<u>25,962,029</u>	<u>22,279,726</u>	<u>3,682,303</u>
Change in Net Position	2,069,704	5,384,261	(3,314,557)
Net Position Beginning of Year	<u>13,578,443</u>	<u>8,194,182</u>	<u>5,384,261</u>
Net Position End of Year	<u>\$15,648,147</u>	<u>\$13,578,443</u>	<u>\$2,069,704</u>

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Net position increased by \$2,069,704 in fiscal year 2023. Overall revenues reflect an increase in the amount of \$367,746. Program revenues increased in the amount of \$19,535 and general revenues increased in the amount of \$348,211. The increase in charges for services is largely due to an increase in extracurricular activities in fiscal year 2023 compared to fiscal year 2022. Operating grants, contributions, and interest decreased in fiscal year 2023 due to a decrease in student enrollment and decreases in State foundation revenues. Property taxes increased slightly due to increases in property assessed valuations. Capital grants, contributions, and interest increased due to additional federal grants related to COVID-19 being approved for capital related projects. The increase in program expenses is mostly due to the net pension/OPEB liabilities as discussed earlier.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3 - Governmental Activities

	2023 Total Cost of Services	2023 Net Cost of Services	2022 Total Cost of Services	2022 Net Cost of Services
Program Expenses				
Instruction:				
Regular	\$11,175,517	\$10,196,821	\$9,236,941	\$8,225,520
Special	3,281,892	784,912	2,976,156	246,925
Vocational	567,916	474,680	514,015	460,682
Intervention	0	0	9,978	9,978
Support Services:				
Pupils	1,222,639	1,066,672	1,201,663	910,171
Instructional Staff	1,030,848	(36,121)	778,772	(148,380)
Board of Education	143,219	143,219	96,407	96,407
Administration	2,045,075	1,778,522	1,677,867	1,478,573
Fiscal	477,976	477,295	431,324	431,290
Operation and Maintenance of Plant	1,863,627	1,182,455	1,886,459	1,266,701
Pupil Transportation	1,438,372	1,045,982	1,266,475	1,243,847
Central	76,428	54,848	68,868	52,643
Operation of Non-Instructional Services				
Food Service Operations	1,684,416	239,689	1,314,118	(471,366)
Other	6,100	(10,215)	6,823	(17,690)
Extracurricular Activities	938,584	593,188	798,746	538,184
Interest and Fiscal Charges	9,420	9,420	15,114	15,114
Totals	<u>\$25,962,029</u>	<u>\$18,001,367</u>	<u>\$22,279,726</u>	<u>\$14,338,599</u>

The dependence upon tax revenues and State subsidies for governmental activities is apparent. For 2023, only 31 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, operating and capital grants, contributions, and interest. The remaining 69 percent is provided through taxes and entitlements.

Instructional programs comprise approximately 58 percent of total governmental program expenses and support services are approximately 32 percent of program expenses. The other remaining expenses were in the areas of other non-instructional expenses at 6 percent, and extracurricular activities and interest and fiscal charges at 4 percent of the program expenses of the School District.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$28,171,454 and expenditures and other financing uses of \$27,669,011, with an overall increase in fund balance of \$502,443.

The General Fund had \$21,848,124 in revenues and other financing sources and \$20,301,086 in expenditures. The fund balance of the General Fund at June 30, 2023, is \$10,330,198, an increase of \$1,547,038 from the prior year. The increase is due to General Fund revenues exceeding expenditures and increases related to property taxes resulting from an increase in assessed valuations.

General Fund Budgetary 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 2023, the School District's General Fund appropriations remained fairly consistent throughout the fiscal year; original appropriations were \$20,625,039 and final appropriations were \$20,630,039. Final appropriations exceeded actual expenditures by \$737,615. Budget basis actual revenue plus other financing sources was \$21,683,581, compared to an original revenue estimate of \$21,761,527 and a final revenue estimate of \$21,766,527. The \$82,946 difference between final revenue estimates and actual revenue was mainly due to property taxes and miscellaneous revenues being below anticipated amounts, which were offset by intergovernmental revenues being above anticipated amounts. The School District's ending General Fund budgetary balance was \$10,854,641.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had \$23,866,018 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. See Note 10 for more detailed information of the School District's capital assets. Table 4 shows fiscal year 2023 balances compared to fiscal year 2022.

Table 4 - Capital Assets at June 30, 2023
(Net of Depreciation)

	Government Activities	
	2023	2022
Land	\$729,742	\$729,742
Construction in Progress	944,015	324,065
Land Improvements	2,266,936	2,447,243
Buildings and Improvements	17,739,192	18,439,449
Furniture and Equipment	1,167,296	632,029
Vehicles	931,953	604,262
Intangible Right to Use - Equipment	86,884	106,479
Totals	\$23,866,018	\$23,283,269

Long-Term Obligations

At June 30, 2023, the School District had \$133,002 in financed purchases and \$86,884 in leases payable outstanding.

Maysville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 5 - Outstanding Long-Term Obligations, at Fiscal Year End

	Government Activities	
	2023	2022
Financed Purchases	\$133,002	\$263,225
Leases Payable	86,884	106,479
Totals	\$219,886	\$369,704

See Note 15 for more detailed information of the School District's long-term obligations. The net pension/OPEB liabilities under GASB 68 and GASB 75 are also reported as long-term obligations that have been previously disclosed within the management's discussion and analysis.

Economic Factors

The School District has experienced increases in net position during fiscal years 2018 through 2023. The School District's net position increased by \$2,069,704 during fiscal year 2023 due mainly to increases in cash balances, the net OPEB asset, and capital assets.

Based on the most recent Board-adopted five-year forecast, Maysville Local School District is projecting revenues to exceed expenditures for fiscal years 2024, 2025, and 2026; however, deficit spending is projected for fiscal years 2027 and 2028. The Board does not anticipate any layoffs to occur in the upcoming years. As staff retire in the next few years, the Board may not replace those vacated positions unless deemed necessary. The Board of Education and Administration of the School District must maintain careful financial planning and prudent fiscal management in order to maintain the financial stability of the School District.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Lewis Sidwell, Treasurer at Maysville Local School District, 3715 Panther Drive, Zanesville, Ohio 43701. You may also e-mail the treasurer at lsidwell@laca.org.

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Maysville Local School District, Ohio

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,788,100
Cash and Cash Equivalents in Segregated Accounts	5,193
Accounts Receivable	61,376
Accrued Interest Receivable	41,282
Intergovernmental Receivable	613,886
Prepaid Items	299,102
Inventory Held for Resale	6,732
Materials and Supplies Inventory	8,120
Property Taxes Receivable	5,389,255
Net OPEB Asset	1,893,950
Nondepreciable Capital Assets	1,673,757
Depreciable Capital Assets, Net	22,192,261
<i>Total Assets</i>	<u>46,973,014</u>
Deferred Outflows of Resources	
Pension	4,780,241
OPEB	400,773
<i>Total Deferred Outflows or Resources</i>	<u>5,181,014</u>
Liabilities	
Accounts Payable	51,756
Accrued Wages and Benefits Payable	2,861,368
Contracts Payable	580,060
Retainage Payable	50,440
Intergovernmental Payable	542,734
Accrued Interest Payable	2,792
Unearned Revenue	135,279
Employee Withholding Payable	601
Claims Payable	34,936
Long-Term Liabilities:	
Due Within One Year	319,863
Due In More Than One Year:	
Net Pension Liability	20,616,070
Net OPEB Liability	1,152,903
Other Amounts	1,789,318
<i>Total Liabilities</i>	<u>28,138,120</u>
Deferred Inflows of Resources	
Property Taxes	2,795,478
Pension	2,495,835
OPEB	3,076,448
<i>Total Deferred Inflows of Resources</i>	<u>8,367,761</u>
Net Position	
Net Investment in Capital Assets	23,015,632
Restricted for:	
Classroom Facilities Maintenance	218,673
Food Service Operations	395,708
Student Managed Activities	52,406
District Managed Student Activities	107,083
Preschool Activities	221,298
Local, State, and Federal Grants	307,696
OPEB Plans	346,189
Unrestricted (Deficit)	(9,016,538)
<i>Total Net Position</i>	<u>\$15,648,147</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest		
Governmental Activities					
Instruction:					
Regular	\$11,175,517	\$278,087	\$698,684	\$1,925	(\$10,196,821)
Special	3,281,892	108,375	2,388,605	0	(784,912)
Vocational	567,916	0	93,236	0	(474,680)
Support Services:					
Pupils	1,222,639	0	155,967	0	(1,066,672)
Instructional Staff	1,030,848	0	543,389	523,580	36,121
Board of Education	143,219	0	0	0	(143,219)
Administration	2,045,075	129,559	136,118	876	(1,778,522)
Fiscal	477,976	0	0	681	(477,295)
Operation and Maintenance of Plant	1,863,627	156,672	523,841	659	(1,182,455)
Pupil Transportation	1,438,372	0	205,432	186,958	(1,045,982)
Central	76,428	0	21,580	0	(54,848)
Operation of Non-Instructional Services:					
Food Service Operations	1,684,416	28,454	1,416,273	0	(239,689)
Other	6,100	3,061	13,254	0	10,215
Extracurricular Activities	938,584	343,239	0	2,157	(593,188)
Interest and Fiscal Charges	9,420	0	0	0	(9,420)
<i>Total Primary Government</i>	<u>\$25,962,029</u>	<u>\$1,047,447</u>	<u>\$6,196,379</u>	<u>\$716,836</u>	<u>(18,001,367)</u>
General Revenues					
Property Taxes Levied for:					
					4,530,757
					103,113
Grants and Entitlements not Restricted					
					15,121,295
Investment Earnings/Interest					
					217,347
Miscellaneous					
					98,559
<i>Total General Revenues</i>					
					<u>20,071,071</u>
<i>Change in Net Position</i>					
					2,069,704
<i>Net Position Beginning of Year</i>					
					<u>13,578,443</u>
<i>Net Position End of Year</i>					
					<u>\$15,648,147</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$10,927,018	\$3,067,854	\$13,994,872
Cash and Cash Equivalents in Segregated Accounts	0	5,193	5,193
Accounts Receivable	41,810	3,082	44,892
Interfund Receivable	292,346	0	292,346
Intergovernmental Receivable	181,497	432,389	613,886
Accrued Interest Receivable	0	41,282	41,282
Prepaid Items	32,835	266,267	299,102
Inventory Held for Resale	0	6,732	6,732
Materials and Supplies Inventory	5,431	2,689	8,120
Property Taxes Receivable	5,265,624	123,631	5,389,255
<i>Total Assets</i>	<u>\$16,746,561</u>	<u>\$3,949,119</u>	<u>\$20,695,680</u>
Liabilities			
Accounts Payable	\$31,021	\$20,735	\$51,756
Accrued Wages and Benefits	2,459,731	401,637	2,861,368
Contracts Payable	0	580,060	580,060
Retainage Payable	0	50,440	50,440
Interfund Payable	0	92,346	92,346
Intergovernmental Payable	479,373	63,361	542,734
Unearned Revenue	0	135,279	135,279
Employee Withholding Payable	601	0	601
<i>Total Liabilities</i>	<u>2,970,726</u>	<u>1,343,858</u>	<u>4,314,584</u>
Deferred Inflows of Resources			
Property Taxes	2,730,866	64,612	2,795,478
Unavailable Revenue	714,771	56,811	771,582
<i>Total Deferred Inflows of Resources</i>	<u>3,445,637</u>	<u>121,423</u>	<u>3,567,060</u>
Fund Balances			
Nonspendable	38,266	268,956	307,222
Restricted	0	1,077,255	1,077,255
Committed	0	243,125	243,125
Assigned	144,573	905,109	1,049,682
Unassigned (Deficit)	10,147,359	(10,607)	10,136,752
<i>Total Fund Balances</i>	<u>10,330,198</u>	<u>2,483,838</u>	<u>12,814,036</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$16,746,561</u>	<u>\$3,949,119</u>	<u>\$20,695,680</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Position
June 30, 2023*

Total Governmental Fund Balances	\$12,814,036
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Amounts reported for governmental activities in the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	23,866,018
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources - unavailable revenue in the funds:	
Delinquent Property Taxes	627,757
Intergovernmental	10,607
Investment Income/Interest	31,110
Tuition and Fees	102,108
	771,582

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	574,776
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Accrued Interest Payable is recognized for outstanding long-term liabilities with interest accrual that are not expected to be paid with expendable available financial resources and therefore are not reported in the funds.	(2,792)
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Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:	
Financed Purchase	(133,002)
Leases Payable	(86,884)
Compensated Absences Payable	(1,889,295)
	(2,109,181)

The net pension and net OPEB asset/liability is not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds:	
Net OPEB Asset	1,893,950
Deferred Outflows - Pension	4,780,241
Deferred Outflows - OPEB	400,773
Net Pension Liability	(20,616,070)
Net OPEB Liability	(1,152,903)
Deferred Inflows - Pension	(2,495,835)
Deferred Inflows - OPEB	(3,076,448)
	(20,266,292)

Net Position of Governmental Activities	\$15,648,147
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See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$4,530,438	\$103,189	\$4,633,627
Intergovernmental	16,676,714	5,311,156	21,987,870
Investment Income/Interest	0	223,461	223,461
Tuition and Fees	212,080	231,231	443,311
Extracurricular Activities	61,576	281,833	343,409
Rent	1,336	0	1,336
Charges for Services	141,383	42,407	183,790
Contributions and Donations	0	77,645	77,645
Miscellaneous	211,097	0	211,097
<i>Total Revenues</i>	<u>21,834,624</u>	<u>6,270,922</u>	<u>28,105,546</u>
Expenditures			
Current:			
Instruction:			
Regular	10,093,069	775,953	10,869,022
Special	2,279,064	957,443	3,236,507
Vocational	578,812	4,955	583,767
Support Services:			
Pupils	1,057,370	154,238	1,211,608
Instructional Staff	63,566	1,066,117	1,129,683
Board of Education	143,219	0	143,219
Administration	1,807,573	250,647	2,058,220
Fiscal	478,714	9,354	488,068
Operation and Maintenance of Plant	1,793,539	533,771	2,327,310
Pupil Transportation	1,375,676	503,421	1,879,097
Central	54,627	21,801	76,428
Operation of Non-Instructional Services:			
Food Service Operations	0	1,680,399	1,680,399
Other Non-Instructional Services	0	6,100	6,100
Extracurricular Activities	549,807	262,130	811,937
Capital Outlay	0	953,306	953,306
Debt Service:			
Principal Retirement	19,595	130,223	149,818
Interest and Fiscal Charges	6,455	5,659	12,114
<i>Total Expenditures</i>	<u>20,301,086</u>	<u>7,315,517</u>	<u>27,616,603</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,533,538</u>	<u>(1,044,595)</u>	<u>488,943</u>
Other Financing Sources (Use)			
Proceeds from Sale of Capital Assets	13,500	0	13,500
Transfers In	0	52,408	52,408
Transfers Out	0	(52,408)	(52,408)
<i>Total Other Financing Sources</i>	<u>13,500</u>	<u>0</u>	<u>13,500</u>
<i>Net Change in Fund Balances</i>	1,547,038	(1,044,595)	502,443
<i>Fund Balances Beginning of Year</i>	8,783,160	3,528,433	12,311,593
<i>Fund Balances End of Year</i>	<u>\$10,330,198</u>	<u>\$2,483,838</u>	<u>\$12,814,036</u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
*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		\$502,443
<i>Amounts reported for governmental activities in the statement of activities are different because</i>		
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 Asset Additions	2,121,846	
Current Year Depreciation/Amortization	(1,456,408)	665,438
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. This is the amount of the loss on sale of capital assets: capital assets.		
Loss on Sale of Capital Assets	(69,189)	
Proceeds from Sale of Capital Assets	(13,500)	(82,689)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	243	
Intergovernmental	(37,133)	
Investment Income/Interest	14	
Tuition and Fees	75,601	
Miscellaneous	(112,538)	(73,813)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Financed Purchase	130,223	
Leases	19,595	149,818
In the Statement of Activities interest is accrued on outstanding bonds, whereas in governmental funds, interest is expended when due.		
		2,694
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 Payable		(151,689)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		321,186
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	1,825,675	
OPEB	55,091	1,880,766
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension expense in the Statement of Activities.		
Pension	(1,658,796)	
OPEB	514,346	(1,144,450)
<i>Change in Net Position of Governmental Activities</i>		\$2,069,704
See accompanying notes to the basic financial statements		

Maysville Local School District, Ohio
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$4,551,734	\$4,551,734	\$4,490,852	(\$60,882)
Intergovernmental	16,585,003	16,585,003	16,699,254	114,251
Tuition and Fees	220,859	220,859	208,087	(12,772)
Rent	1,459	1,459	1,336	(123)
Charges for Services	140,000	145,000	141,383	(3,617)
Miscellaneous	248,972	248,972	129,169	(119,803)
<i>Total Revenues</i>	21,748,027	21,753,027	21,670,081	(82,946)
Expenditures				
Current:				
Instruction:				
Regular	9,935,446	9,935,447	9,390,473	544,974
Special	2,239,205	2,243,948	2,203,313	40,635
Vocational	568,520	568,520	604,748	(36,228)
Other	569,955	569,955	553,759	16,196
Support Services:				
Pupils	929,428	929,428	1,037,749	(108,321)
Instructional Staff	35,650	35,906	79,430	(43,524)
Board of Education	143,464	143,464	142,793	671
Administration	1,963,870	1,963,870	1,772,268	191,602
Fiscal	479,724	479,724	468,655	11,069
Operation and Maintenance of Plant	1,905,130	1,905,130	1,776,701	128,429
Pupil Transportation	1,421,364	1,421,364	1,375,734	45,630
Central	60,896	60,896	63,923	(3,027)
Extracurricular Activities	372,387	372,387	422,878	(50,491)
<i>Total Expenditures</i>	20,625,039	20,630,039	19,892,424	737,615
<i>Excess of Revenues Over Expenditures</i>	1,122,988	1,122,988	1,777,657	654,669
Other Financing Source				
Proceeds from Sale of Capital Assets	13,500	13,500	13,500	0
<i>Net Change in Fund Balance</i>	1,136,488	1,136,488	1,791,157	654,669
<i>Fund Balance Beginning of Year</i>	8,976,175	8,976,175	8,976,175	0
Prior Year Encumbrances Appropriated	87,309	87,309	87,309	0
<i>Fund Balance End of Year</i>	\$10,199,972	\$10,199,972	\$10,854,641	\$654,669

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Fund Net Position

Internal Service Fund

June 30, 2023

	<u>Self- Insurance</u>
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$793,228
Accounts Receivable	16,484
	<hr/>
<i>Total Assets</i>	<i>809,712</i>
	<hr/>
Current Liabilities	
Interfund Payable	200,000
Claims Payable	34,936
	<hr/>
Total Liabilities	234,936
	<hr/>
Net Position	
Unrestricted	\$574,776
	<hr/> <hr/>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	<u>Self- Insurance</u>
Operating Revenues	
Charges for Services	<u>\$2,400,864</u>
Operating Expenses	
Purchased Services	210,331
Claims	<u>1,869,347</u>
Total Operating Expenses	<u>2,079,678</u>
Operating Income	321,186
Net Position Beginning of Year	<u>253,590</u>
Net Position End of Year	<u><u>\$574,776</u></u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2023

	<u>Self- Insurance</u>
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Transactions with Other Funds	\$2,109,737
Cash Payments for Services	(210,331)
Cash Payments for Claims	<u>(2,191,235)</u>
<i>Net Cash Used for Operating Activities</i>	(291,829)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>1,085,057</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$793,228</u></u>
Reconciliation of Operating Income to Net Cash Used for Operating Activities	
Operating Income	\$321,186
Changes in Assets and Liabilities	
Increase in Accounts Receivable	(15,726)
Decrease in Unearned Revenue	(291,759)
Decrease in Claims Payable	<u>(305,530)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$291,829)</u></u>

See accompanying notes to the basic financial statements

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 – Description of the School District and Reporting Entity

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

Maysville Local School District was established in 1956 through the consolidation of the Springfield-Bell Local School District and the South Zanesville Local School District. The School District serves an area of approximately 66 square miles. It is located in Muskingum County and includes a portion of the City of Zanesville, the Village of East Fultonham, and the Townships of Newton and Springfield. It is staffed by 106 classified employees, 129 certificated full-time teaching personnel, and 14 administrative employees who provide services to 1,754 students (includes preschool and open enrollment students) and other community members. The School District currently operates two instructional buildings, one administrative/preschool building, and one garage.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Maysville Local School District, this includes general operations, food service, preschool, 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, see Note 3 for more information for fiscal year 2023.

The School District participates in four jointly governed organizations and three purchasing pools. These organizations are the Licking Area Computer Association, Mid-East Career and Technology Centers, Coalition of Rural and Appalachian Schools, the Ohio Coalition of Equity and Adequacy of School Funding, the Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Program, the Ohio School Benefits Cooperative, and META Solutions. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District 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. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

Fund Accounting

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
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General Fund The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose, provided it is expended and transferred according to the general laws of Ohio.

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.

Proprietary Fund Types Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The Internal Service Fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, surgical, prescription drug, vision, and dental claims. Beginning January 1, 2023, the School District was no longer self-insured for medical, surgical, and prescription drug.

Measurement Focus

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

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position.

For proprietary funds, the statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Maysville Local School District, Ohio
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Basis of Accounting

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

Revenues - Exchange and 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 the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The Miscellaneous Federal Grants Special Revenue Fund reports unearned revenue for grant money that has not been earned yet.

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 pension and OPEB plans. The details of these unavailable revenues are identified on the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position found on page 18. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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 and OPEB plans, and unavailable revenue. Property taxes represent

Maysville Local School District, Ohio
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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, investment income/interest, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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.

Cash and Cash Equivalents

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

During fiscal year 2023, the School District's investments were limited to nonnegotiable and negotiable certificates of deposit, treasury bills, money market mutual funds, and federal agency securities.

Except for nonparticipating investment contracts, the School District reports investments at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as money market accounts and nonnegotiable certificates of deposit, are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment income/interest earnings. Investment income/interest revenue credited to the Permanent Improvement Capital Projects Fund during fiscal year 2023 amounted to \$223,461, which includes \$165,059 assigned from other School District funds.

The School District has a segregated bank account for the District Managed Activities that is held separate from the School District's central bank account. This depository account is presented as "Cash in Segregated Accounts" since it is not deposited into the School District treasury.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Maysville Local School District, Ohio
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For the Fiscal Year Ended June 30, 2023

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

Capital Assets

The School District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15-20 years
Buildings and Improvements	20-40 years
Furniture and Equipment	5-20 years
Vehicles	8 years

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

Internal Activity

Transfers within governmental activities are eliminated on the government-wide statements.

Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after ten years of current service with the School District.

Leases Payable

The School District serves as lessee in a noncancellable lease which is accounted for as follows:

Lessee At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized 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 pension is not sufficient for payment of those benefits. Financed purchases and leases are recognized as liabilities on the governmental fund financial statements when due.

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Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes the long-term amount of loans and notes receivable, prepaids, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by State constitution or external resource providers. 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 or enabling legislation (School District Board of Education resolutions).

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined 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 the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report deficit balances.

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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 the amounts in any of the unrestricted fund balance classifications could be used.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2023, no extraordinary or special items occurred.

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.

Budgetary Data

All funds, except 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 (Board) may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level.

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

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

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

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

GASB Statement 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

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

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any 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.

In prior years, the Foxfire High School and the Foxfire Intermediate School were both component units of the School District. Beginning in fiscal year 2023, the relationship between the School District, Sponsor, and the Foxfire High School and Foxfire Intermediate School were determined to be independent relationships; therefore, these schools will no longer be shown as component units beginning July 1, 2022.

Note 4 – Fund Deficits

The Title I Special Revenue Fund had a deficit fund balance of \$10,607 as of June 30, 2023. This deficit is the result of the recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 – 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 Balances - Budget and

Maysville Local School District, Ohio
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Actual (Budget Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Prepaid items are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
4. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a commitment or assignment of fund balance for governmental fund types (GAAP basis).
5. Budgetary revenues and expenditures of the public school support fund are reclassified to the General Fund for GAAP Reporting.
6. Unreported cash and negative cash advances to other funds are reported on the GAAP Basis, but not on budgetary basis.
7. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statement for the General Fund:

<u>Net Change in Fund Balance</u>	<u>General</u>
GAAP Basis	\$1,547,038
Net Adjustment for Revenue Accruals	(239,055)
Net Adjustment for Expenditure Accruals	551,593
Beginning:	
Unrecorded Cash	790
Prepaid Items	67,913
Negative Cash Advances	(64,290)
Ending:	
Unrecorded Cash	(601)
Prepaid Items	(32,835)
Negative Cash Advances	77,037
To reclassify excess of revenues and other sources of financial resources over expenditures and other uses of financial resources into financial statement fund types	(19,479)
Adjustment for Encumbrances	(96,954)
Budget Basis	<u><u>\$1,791,157</u></u>

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Note 6 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Other Governmental Funds	Total
<u>Nonspendable:</u>			
Prepaid Items	\$32,835	\$266,267	\$299,102
Materials and Supplies Inventory	5,431	2,689	8,120
<i>Total Nonspendable</i>	<u>38,266</u>	<u>268,956</u>	<u>307,222</u>
<u>Restricted for:</u>			
Classroom Facilities Maintenance	0	185,429	185,429
Food Service Operations	0	434,957	434,957
Student Managed Activities	0	52,406	52,406
District Managed Student Activities	0	107,083	107,083
Preschool Activities	0	221,298	221,298
Local, State, and Federal Grants	0	76,082	76,082
<i>Total Restricted</i>	<u>0</u>	<u>1,077,255</u>	<u>1,077,255</u>
<u>Committed to:</u>			
Scholarships	0	9,670	9,670
Latchkey Program	0	7,552	7,552
Purchases on Order	0	225,903	225,903
<i>Total Committed</i>	<u>0</u>	<u>243,125</u>	<u>243,125</u>
<u>Assigned to:</u>			
Public School Support	51,719	0	51,719
Purchases on Order	92,854	0	92,854
Capital Improvements	0	905,109	905,109
<i>Total Assigned</i>	<u>144,573</u>	<u>905,109</u>	<u>1,049,682</u>
Unassigned (Deficit):	<u>10,147,359</u>	<u>(10,607)</u>	<u>10,136,752</u>
<i>Total Fund Balances</i>	<u>\$10,330,198</u>	<u>\$2,483,838</u>	<u>\$12,814,036</u>

Note 7 – Deposits and Investments

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

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

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

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

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

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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 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. At fiscal year-end, the School District had no undeposited cash on hand.

Investments Investments are reported at fair value. As of June 30, 2023, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Maturity</u>	<u>Ratings</u>	<u>Percentage of Total Investment</u>
Fair Value - Level One Input:				
Money Market Mutual Funds	<u>\$200,661</u>	Less than one year	n/a	2.88%
Fair Value - Level Two Inputs:				
Federal National Mortgage Association Notes				
	486,649	Less than two years	Aaa	6.98%
Federal Home Loan Bank Notes	741,985	Less than two years	Aaa	10.65%
Federal Farm Credit Bank Notes	2,618,634	Less than two years	Aaa	37.57%
Negotiable Certificates of Deposit	1,686,051	Less than two years	n/a	24.19%
US Treasury Bills	<u>1,235,182</u>	Less than one year	Aaa	17.73%
Total Fair Value - Level Two Inputs	<u>6,768,501</u>			
Total	<u>\$6,969,162</u>			

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

Maysville Local School District, Ohio
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Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years. The Treasurer cannot make investments which he/she does not reasonably believe can be held until the maturity date. The stated intent of the policy is to avoid the need to sell securities prior to maturity. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The credit ratings are by Moody's for all of the School District's securities listed above. The School District has no deposit policy for custodial risk beyond the requirements of State statute.

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

Note 8 – Property Taxes

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

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

Public utility property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Public utility real property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected 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 Muskingum 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 were 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 reflected 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 inflow of resources for property taxes.

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The amount available as an advance at June 30, 2023, was \$1,966,020. \$1,922,095 was available to the General Fund and \$43,925 was available to the Permanent Improvement Fund. The amount available as an advance at June 30, 2022, was \$1,925,659. \$1,882,509 was available to the General Fund and \$43,150 was available to the Permanent Improvement Fund.

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

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
Real Estate	\$208,821,790	91.85%	\$211,382,680	91.54%
Public Utility Personal	18,528,020	8.15%	19,548,040	8.46%
Total Assessed Value	\$227,349,810	100.00%	\$230,930,720	100.00%
Tax rate per \$1,000 of assessed valuation	\$37.45		\$37.45	

Note 9 – Receivables

Receivables at June 30, 2023, consisted of property taxes, interfund, accounts (tuition and fees, intergovernmental, and miscellaneous), accrued interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The delinquent property taxes amounted to \$627,757 as of June 30, 2023.

A summary of intergovernmental receivables are as follows:

	Amounts
<u>Governmental Activities</u>	
21st Century	\$140,912
Title I	99,148
ESSER Funding	98,519
School Employees Retirement System Refund	86,996
State Foundation Adjustments	83,435
Title VI-B	80,793
Title II-A	12,879
Medicaid Reimbursements	6,218
Miscellaneous Intergovernmental	4,848
Ohio Network Program	138
Total	\$613,886

Maysville Local School District, Ohio
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For the Fiscal Year Ended June 30, 2023

Note 10 – Capital Assets

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

	Balance 06/30/2022	Additions	Deletions	Balance 06/30/2023
Nondepreciable Capital Assets				
Land	\$729,742	\$0	\$0	\$729,742
Construction in Progress	324,065	1,102,254	(482,304)	944,015
Total Nondepreciable Capital Assets	<u>1,053,807</u>	<u>1,102,254</u>	<u>(482,304)</u>	<u>1,673,757</u>
Depreciable Capital Assets				
Land Improvements	4,761,613	0	(694,107)	4,067,506
Buildings and Improvements	37,189,865	264,420	0	37,454,285
Furniture and Equipment	4,550,432	691,508	(335,882)	4,906,058
Vehicles	2,166,805	545,968	(264,912)	2,447,861
Intangible Right to Use Lease - Equipment**	119,003	0	0	119,003
Total Depreciable Capital Assets	<u>48,787,718</u>	<u>1,501,896</u>	<u>(1,294,901)</u>	<u>48,994,713</u>
Less Accumulated Depreciation/ Amortization				
Land Improvements	(2,314,370)	(111,360)	625,160	(1,800,570)
Buildings and Improvements	(18,750,416)	(964,677)	0	(19,715,093)
Furniture and Equipment	(3,918,403)	(142,501)	322,142	(3,738,762)
Vehicles	(1,562,543)	(218,275)	264,910	(1,515,908)
Intangible Right to Use Lease - Equipment**	(12,524)	(19,595)	0	(32,119)
Total Accumulated Depreciation/ Amortization	<u>(26,558,256)</u>	<u>(1,456,408) *</u>	<u>1,212,212</u>	<u>(26,802,452)</u>
Depreciable Capital Assets, Net of Accumulated Depreciation	<u>22,229,462</u>	<u>45,488</u>	<u>(82,689)</u>	<u>22,192,261</u>
Governmental Activities Capital Assets, Net	<u>\$23,283,269</u>	<u>\$1,147,742</u>	<u>(\$564,993)</u>	<u>\$23,866,018</u>

*Depreciation expense was charged to governmental functions as follows:

Instruction:		Fiscal	\$7,769
Regular	\$505,017	Operation and Maintenance	77,507
Special	149,166	Pupil Transportation	225,207
Vocational	34,078	Extracurricular	128,931
Other	3,554	Food Service Operations	<u>183,960</u>
Support Services:			
Pupils	27,701	Total Depreciation Expense	<u>\$1,456,408</u>
Instructional Staff	26,040		
Administration	87,478		

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** Of the current year depreciation total of \$1,456,408, \$19,595 is presented as regular instruction expenses 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 11 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with Liberty Mutual Insurance – The Netherlands Insurance Company through the Young Insurance Agency, for property, electronic equipment, commercial articles, valuable papers, crime insurance, general liability insurance, fleet insurance, and builder's risk insurance. Coverage provided is as follows:

Building and Contents-replacement cost	\$79,102,756
Employee Benefit Liability:	
Per occurrence	1,000,000
General Aggregate	3,000,000
Personal and Advertising Injury Limit	1,000,000
Fleet Insurance	1,000,000
Uninsured/Underinsured Motorists	1,000,000
Commercial Umbrella Liability each occurrence	5,000,000
Commercial Umbrella Liability General Aggregate	5,000,000
Products/Completed Operations Aggregate Limit	5,000,000

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

During fiscal year 2023, the School District participated in the Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Program (GRP), an insurance purchasing pool (Note 19) in the Group Retrospective Rating Program. 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 members is calculated as one experience and a common premium rate is applied to all members 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 members that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control, and actuarial services to the GRP.

Medical, dental, and vision insurance was offered to employees through a Self-Insurance Internal Service Fund until January 1, 2023. Beginning on January 1, 2023, the School District opted for a fully insured program for their medical insurance. Dental and vision insurance was still considered to be self-insured for all of fiscal year 2023. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$34,936 reported in the Internal Service Fund at June 30, 2023, is based on an estimate provided by the third party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District purchased an aggregate stop-loss coverage policy that covers individual claims in excess of \$100,000 annually.

Maysville Local School District, Ohio
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Changes in claims activity for the past two fiscal years are as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2022	\$328,082	\$3,175,408	\$3,163,024	\$340,466
2023	340,466	1,885,705 (1)	2,191,235	34,936
(1) Claims Expense		\$1,869,347		
+ Receivable from current year		<u>16,358</u>		
		<u><u>\$1,885,705</u></u>		

Note 12 – 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

Maysville Local School District, Ohio
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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 13 for the required OPEB disclosures.

Plan Description - 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

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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 \$425,426 for fiscal year 2023. Of this amount, \$53,549 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The 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

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contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was \$1,400,249 for fiscal year 2023. Of this amount, \$301,960 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:

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0805357%	0.073144310%	
Prior Measurement Date	<u>0.0810005%</u>	<u>0.073818436%</u>	
Change in Proportionate Share	<u>-0.0004648%</u>	<u>-0.000674126%</u>	
			<u>Total</u>
Proportionate Share of the Net			
Pension Liability	\$4,355,998	\$16,260,072	\$20,616,070
Pension Expense	\$186,239	\$1,472,557	\$1,658,796

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

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Notes to the Basic Financial Statements
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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$176,422	\$208,150	\$384,572
Changes of assumptions	42,982	1,945,842	1,988,824
Net difference between projected and actual earnings on pension plan investments	0	565,815	565,815
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	15,355	0	15,355
School District contributions subsequent to the measurement date	425,426	1,400,249	1,825,675
Total Deferred Outflows of Resources	\$660,185	\$4,120,056	\$4,780,241
Deferred Inflows of Resources			
Differences between expected and actual experience	\$28,596	\$62,200	\$90,796
Net difference between projected and actual earnings on pension plan investments	152,005	1,464,660	1,616,665
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	27,649	760,725	788,374
Total Deferred Inflows of Resources	\$208,250	\$2,287,585	\$2,495,835

\$1,825,675 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:			
2023	\$19,333	(\$309,163)	(\$289,830)
2024	(28,289)	(308,712)	(337,001)
2025	(217,141)	(598,937)	(816,078)
2026	252,606	1,649,034	1,901,640
Total	\$26,509	\$432,222	\$458,731

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

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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 COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 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.

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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	\$6,411,820	\$4,355,998	\$2,623,994

Actuarial Assumptions – STRS

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

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	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:

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

* 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%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$24,563,050	\$16,260,072	\$9,238,324

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2023, no members of the Board of Education elected Social Security. The Board's liability would be 6.2 percent of wages paid.

Note 13 – Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability.

Plan Description - 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 \$55,091.

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 \$55,091 for fiscal year 2023. Of this amount \$55,091 is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

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

	<u>SERS</u>	<u>STRS</u>	
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.0821152%	0.073144310%	
Prior Measurement Date	<u>0.0839295%</u>	<u>0.073818436%</u>	
Change in Proportionate Share	<u>-0.0018143%</u>	<u>-0.000674126%</u>	
Proportionate Share of the:			<u>Total</u>
Net OPEB Liability	\$1,152,903	\$0	\$1,152,903
Net OPEB (Asset)	\$0	(\$1,893,950)	(\$1,893,950)
OPEB Expense	(\$127,241)	(\$387,105)	(\$514,346)

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$9,692	\$27,455	\$37,147
Changes of assumptions	183,384	80,676	264,060
Net difference between projected and actual earnings on OPEB plan investments	5,992	32,969	38,961
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	4,986	528	5,514
School District contributions subsequent to the measurement date	55,091	0	55,091
Total Deferred Outflows of Resources	\$259,145	\$141,628	\$400,773
Deferred Inflows of Resources			
Differences between expected and actual experience	\$737,484	\$284,434	\$1,021,918
Changes of assumptions	473,277	1,342,992	1,816,269
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	176,298	61,963	238,261
Total Deferred Inflows of Resources	\$1,387,059	\$1,689,389	\$3,076,448

\$55,091 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:			
2023	(\$280,359)	(\$480,195)	(\$760,554)
2024	(275,960)	(441,537)	(717,497)
2025	(233,890)	(206,027)	(439,917)
2026	(144,113)	(85,192)	(229,305)
2027	(95,097)	(110,786)	(205,883)
Thereafter	(153,586)	(224,024)	(377,610)
Total	(\$1,183,005)	(\$1,547,761)	(\$2,730,766)

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.

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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.

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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 12.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022, and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability 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	\$1,431,927	\$1,152,903	\$927,661

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	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	\$889,097	\$1,152,903	\$1,497,483

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.

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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 12.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,750,907)	(\$1,893,950)	(\$2,016,478)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$1,964,486)	(\$1,893,950)	(\$1,804,914)

Note 14 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees who qualify earn 12 to 24 days of vacation per fiscal year, depending upon length of service. All employees who qualify for vacation time can accrue up to a maximum of the immediately preceding two years, plus the prorated portion of earned but unused vacation time of the current year. The School District pays accumulated, unused vacation hours to employees who qualify for vacation time upon termination of employment at the employee's current rate of pay. Teachers, administrators, and staff who work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 249 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 62 days.

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Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sun Life Financial in the amount of \$25,000 for all employees enrolled.

Note 15 – Long-Term Obligations

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

	Principal Outstanding 06/30/2022	Additions	Deductions	Principal Outstanding 06/30/2023	Due in One Year
Net Pension Liability:					
SERS	\$2,988,685	\$1,367,313	\$0	\$4,355,998	\$0
STRS	9,438,351	6,821,721	0	16,260,072	0
Total Net Pension Liability	12,427,036	8,189,034	0	20,616,070	0
Net OPEB Liability -					
SERS	1,588,435	0	435,532	1,152,903	0
Financed Purchase - from Direct Borrowing					
School Buses - 2.15%	263,225	0	130,223	133,002	133,002
Leases Payable	106,479	0	19,595	86,884	22,901
Compensated Absences Payable	1,737,606	253,719	102,030	1,889,295	163,960
Total Long-Term Obligations	<u>\$16,122,781</u>	<u>\$8,442,753</u>	<u>\$687,380</u>	<u>\$23,878,154</u>	<u>\$319,863</u>

The School District's overall legal debt margin was \$20,836,173, with an unvoted debt margin of \$230,931 at June 30, 2023.

Compensated Absences and Net Pension/OPEB Liability - Compensated absences are paid from the fund from which the employees’ salaries are paid, which includes the General Fund and the Food Service Special Revenue Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension/OPEB liabilities. However, employer pension contributions are made from the following funds: General Fund and the Food Service, Latchkey, ESSER, 21st Century, Title VI-B, Title I, and Title II-A Special Revenue Funds. For additional information related to the net pension/OPEB liabilities, see Notes 12 and 13.

Financed Purchase - The School District has entered into a financed purchase for six school buses, where ownership of the underlying assets transfers to the School District by the end of the contract. The School District disbursed \$130,223 from the Permanent Improvement Capital Projects Fund to pay these costs for the fiscal year ended June 30, 2023. Future finance purchase payments are as follows:

Year	Principal	Interest	Total
2024	<u>\$133,002</u>	<u>\$2,880</u>	<u>\$135,882</u>

In the event of default by the School District, in the payment of any sums due under this lease, when due which continues unpaid for 30 days, or receivership, insolvency, or proceedings by or against the School District under the bankruptcy laws, or School District’s failure to observe or perform any other required provision of this lease, and such default continues for 15 days after written notice thereof, by the Lessor, to

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the School District, lessor shall have the right to exercise any one or more of the following remedies: (a) to declare all sums due and to become due hereunder, during the School District’s current fiscal year, immediately due and payable, without notice or demand to the School District; (b) to sue for and recover all payments then accrued or thereafter accruing with respect to the vehicles; (c) to take possession of the vehicles without demand or notice wherever it may be located with or without legal process, and retain it free from any claims of the School District whatsoever; (d) to terminate this lease; or (e) to pursue any other remedy at law or in equity. If the lessor sells or releases any of the repossessed vehicles, the net proceeds of such sale or lease, less lessor’s expenses incurred in equity connection therewith, including attorneys’ fees, shall be applied to the total amount due by the School District under this lease and related schedule and the School District shall be obligated to pay the lessor any deficiency. All of the foregoing remedies are cumulative and may be exercised concurrently or separately. The School District shall pay all costs and legal expenses incurred by the lessor in collecting, or attempting to collect, any sums due hereunder or in securing possession of the vehicles. The School District consents to the personal jurisdiction of the courts, and the applicability of the laws, of the State of the School District with respect to any dispute arising out of the lease.

Leases Payable – The School District has outstanding agreements 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. These leases will be paid from the General Fund. A summary of the remaining principal and interest amounts for the lease are as follows:

Year	Principal	Interest	Total
2024	\$22,901	\$5,517	\$28,418
2025	24,608	3,810	28,418
2026	26,442	1,976	28,418
2027	12,933	258	13,191
Total	\$86,884	\$11,561	\$98,445

Note 16 – Interfund Balances

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

	Interfund Receivable	Interfund Payable
Major Fund:		
General Fund	\$292,346	\$0
Other Nonmajor Governmental Funds:		
ESSER	0	29,268
21st Century	0	41,901
Title I	0	18,811
Title II-A	0	2,366
Total Other Nonmajor Governmental Funds	0	92,346
Self Insurance Internal Service Fund	0	200,000
Total All Funds	\$292,346	\$292,346

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Interfund balances are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed. The loans made to the ESSER, 21st Century, Title I, and Title II-A Special Revenue Funds were made to cover actual cash deficits until federal and other monies are received.

The interfund balance with the Self Insurance Internal Service Fund was due to the General Fund providing an advance to cover expenses until additional monies could be received from the various governmental funds and employees for insurance coverage.

During fiscal year 2023, \$58,408 was transferred from the Bond Retirement Debt Service Fund to the Permanent Improvement Capital Projects fund due to the School District retiring all outstanding bonds in fiscal year 2022.

Note 17 – Related Party Transactions

During fiscal year 2023, the Foxfire Intermediate School paid the Sponsor \$53,397 for the sponsorship fee. As of June 30, 2023, there were no amounts owed by the Intermediate School to the Sponsor.

During fiscal year 2023, the Foxfire High School paid the Sponsor \$87,986 for the sponsorship fee, supplies, utilities, and transportation. As of June 30, 2023, there were no outstanding expenses owed to the Sponsor.

Note 18 – Jointly Governed Organizations

Licking Area Computer Association

The School District is a participant in the Licking Area Computer Association (LACA) which is a computer consortium. LACA is an association which services 25 school districts, educational service centers, community schools, and non-public schools within the boundaries of Licking, Muskingum, Fairfield, Perry, Knox, and Medina Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of LACA consists of the superintendents from all participating districts. The continued existence of LACA is not dependent on the School District's continued participation and no equity interest exists. The LACA constitution states that any school district withdrawing from the Association prior to dissolution forfeits their claim to the Association's capital assets. The School District's total payments to LACA for computer services for fiscal year 2023 were \$120,649. Financial information may be obtained from LACA at 150 South Quentin Road, Newark, Ohio 43055.

Mid-East Career and Technology Centers

The Mid-East Career and Technology Center is a jointly governed organization providing vocational education services to its fourteen member school districts. The Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one member from each of the participating school district's boards. The board possesses its own budgeting and taxing authority. The continued existence of the Center is not dependent on the School District's continued participation and no equity interest exists. During fiscal year 2023, the School District made no contributions to the Center. To obtain financial information write to the Mid-East Career and Technology Center, Nanette Nolder, Treasurer, at 400 Richards Road, Zanesville, Ohio 43701.

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 29-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 29 Appalachian counties are divided; and three from Ohio University College of Education. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2023, the School District paid \$475 to the Coalition. The financial information for the Coalition can be obtained from the Executive Director, at 322 Patton Hall, Ohio University, Athens, Ohio 45701.

Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized to challenge the constitutionality of the Ohio school funding system. The purpose of the Coalition is to bring about greater equity and adequacy of public school funding in Ohio. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The Committee exercised total control over the operations of the Coalition including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The membership of the coalition includes over 500 school districts throughout the State of Ohio. Member school districts, joint vocational schools, and educational service centers pay annual dues and supplemental dues based on their pupil enrollment. The Coalition is not dependent on the continued participation of the School District and the School District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2023, the School District paid \$3,940 to the Coalition. The fiscal agent for the Coalition is the Muskingum Valley Educational Service Center. Financial information may be obtained from the Ohio Coalition of Equity and Adequacy of School Funding at 50 South Young Street, Suite M-102, Columbus, Ohio 43215.

Note 19 – Purchasing Pools

Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Program

The School District participated in a group retrospective rating program in calendar year 2019 and calendar year 2020 as established under Section 4123.29 of the Ohio Revised Code. The Better Business Bureau of Central Ohio Incorporated - Workers' Compensation Program, an insurance purchasing pool established through the Better Business Bureau of Ohio, Incorporated. The Program's business and affairs are conducted by the President and CEO of the Better Business Bureau. During fiscal year 2023, the School District paid an enrollment fee of \$896 to the Program to cover the costs of administering the program.

Ohio School Benefits Cooperative

The School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of thirty nine members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay an initial \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. On November 1, 2005, the School District elected to participate in the self-insured purchasing program for medical, prescription drug, dental, and vision coverage.

META Solutions

The School District participates in META Solutions, a purchasing pool. META Solutions was created pursuant to Chapter 167 of the Ohio Revised Code. META Solutions is a purchasing pool created to aid school districts with purchasing services and products at discounted rates. META Solutions operates under a Board of Directors consisting of twelve members. The Board of Directors is made up of representatives from member school districts. The Board of Directors exercises total control over the operation of META Solutions including budgeting, appropriating, contracting, and designating management. The School District paid \$640 during fiscal year 2023 for utility billing monitoring services. META memberships became free effective July 1, 2017. Financial information can be obtained from META Solutions at 100 Executive Drive, Marion, Ohio 43302.

Note 20 – Set-Asides

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

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

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2022	\$0
Current Year Set-aside Requirement	405,124
Current Year Offsets	(428,204)
Qualifying Disbursements	(231,867)
Total	(\$254,947)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0

The School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount below zero. The excess in the capital maintenance set-aside may not be carried forward to reduce the set-aside requirement in future fiscal years.

Note 21 – Significant Commitments

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:

Governmental Funds:	
General Fund	\$96,954
Nonmajor Governmental Funds	2,378,108
Total	\$2,475,062

Contractual Commitments

As of June 30, 2023, the School District had contractual purchase commitments for the following projects:

Project	Fund	Original Contract	Paid to Date	Amount Remaining
Outdoor Playground	ESSER	\$1,101,662	\$9,082	\$1,092,580
Turf Project	Permanent Improvement	736,463	630,500	105,963
Score Boards	General and Permanent Improvement	334,049	304,433	29,616
	Total	\$2,172,174	\$944,015	\$1,228,159

Note 22 – 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other

Maysville Local School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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, ODE adjustments for fiscal year 2023 have been finalized. The impact of FTE adjustments are not significant to the School District.

Litigation

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

Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020, due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 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.

Maysville Local School District, Ohio
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	0.0805357%	0.0810005%	0.0801847%	0.0838181%
School District's Proportionate Share of the Net Pension Liability	\$4,355,998	\$2,988,685	\$5,303,585	\$5,014,984
School District's Covered Payroll	\$2,904,821	\$2,920,700	\$2,809,964	\$2,874,237
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	149.96%	102.33%	188.74%	174.48%
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 required supplementary information

2019	2018	2017	2016	2015	2014
0.0902630%	0.0895916%	0.0970485%	0.0965744%	0.0939690%	0.0939690%
\$5,169,529	\$5,352,900	\$7,103,055	\$5,510,629	\$4,755,718	\$5,588,035
\$2,905,800	\$2,995,957	\$3,005,071	\$2,901,886	\$2,764,502	\$2,746,107
177.90%	178.67%	236.37%	189.90%	172.03%	203.49%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Maysville Local School District, Ohio
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
School District's Proportion of the Net OPEB Liability	0.0821152%	0.0839295%	0.0834776%
School District's Proportionate Share of the Net OPEB Liability	\$1,152,903	\$1,588,435	\$1,814,241
School District's Covered Payroll	\$2,904,821	\$2,920,700	\$2,809,964
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	39.69%	54.39%	64.56%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

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

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

See accompanying notes to required supplementary information

2020	2019	2018	2017
0.0859411%	0.0912432%	0.0911711%	0.0980030%
\$2,161,238	\$2,531,333	\$2,446,793	\$2,793,448
\$2,874,237	\$2,905,800	\$2,995,957	\$3,005,071
75.19%	87.11%	81.67%	92.96%
15.57%	13.57%	12.46%	11.49%

Maysville Local School District, Ohio
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	0.073144310%	0.073818436%	0.075930080%	0.078166990%
School District's Proportionate Share of the Net Pension Liability	\$16,260,072	\$9,438,351	\$18,372,378	\$17,286,160
School District's Covered Payroll	\$9,545,421	\$9,173,693	\$9,154,943	\$9,197,400
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.34%	102.88%	200.68%	187.95%
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 required supplementary information

2019	2018	2017	2016	2015	2014
0.080468900%	0.082180010%	0.086374070%	0.085569810%	0.090065160%	0.090065160%
\$17,693,304	\$19,522,038	\$28,912,005	\$23,648,993	\$21,906,964	\$26,095,432
\$9,185,293	\$9,053,314	\$9,093,564	\$8,847,457	\$9,093,300	\$10,063,485
192.63%	215.63%	317.94%	267.30%	240.91%	259.31%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Maysville Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021
School District's Proportion of the Net OPEB (Asset) Liability	0.073144310%	0.073818436%	0.075930080%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$1,893,950)	(\$1,556,402)	(\$1,334,470)
School District's Covered Payroll	\$9,545,421	\$9,173,693	\$9,154,943
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-19.84%	-16.97%	-14.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	230.70%	174.70%	182.10%

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

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

See accompanying notes to required supplementary information

2020	2019	2018	2017
0.078166990%	0.080468900%	0.082180010%	0.086374070%
(\$1,294,632)	(\$1,293,052)	\$3,206,361	\$4,619,308
\$9,197,400	\$9,185,293	\$9,053,314	\$9,093,564
-14.08%	-14.08%	35.42%	50.80%
174.70%	176.00%	47.10%	37.30%

Maysville Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$425,426	\$406,675	\$408,898	\$393,395
Contributions in Relation to the Contractually Required Contribution	<u>(425,426)</u>	<u>(406,675)</u>	<u>(408,898)</u>	<u>(393,395)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,038,757	\$2,904,821	\$2,920,700	\$2,809,964
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$55,091	\$52,433	\$55,798	\$54,905
Contributions in Relation to the Contractually Required Contribution	<u>(55,091)</u>	<u>(52,433)</u>	<u>(55,798)</u>	<u>(54,905)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Contributions as a Percentage of Covered Payroll	<u>1.81%</u>	<u>1.81%</u>	<u>1.91%</u>	<u>1.95%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.81%</u>	<u>15.81%</u>	<u>15.91%</u>	<u>15.95%</u>

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

(2) Includes Surcharge

See accompanying notes to required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$388,022	\$392,283	\$419,434	\$420,710	\$382,469	\$383,160
<u>(388,022)</u>	<u>(392,283)</u>	<u>(419,434)</u>	<u>(420,710)</u>	<u>(382,469)</u>	<u>(383,160)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,874,237	\$2,905,800	\$2,995,957	\$3,005,071	\$2,901,886	\$2,764,502
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>
\$67,033	\$62,363	\$50,876	\$48,110	\$73,551	\$50,373
<u>(67,033)</u>	<u>(62,363)</u>	<u>(50,876)</u>	<u>(48,110)</u>	<u>(73,551)</u>	<u>(50,373)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.33%</u>	<u>2.15%</u>	<u>1.70%</u>	<u>1.60%</u>	<u>2.53%</u>	<u>1.82%</u>
<u>15.83%</u>	<u>15.65%</u>	<u>15.70%</u>	<u>15.60%</u>	<u>15.71%</u>	<u>15.68%</u>

Maysville Local School District, Ohio
Required Supplementary Information
Schedule of the School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$1,400,249	\$1,336,359	\$1,284,317	\$1,281,692
Contributions in Relation to the Contractually Required Contribution	<u>(1,400,249)</u>	<u>(1,336,359)</u>	<u>(1,284,317)</u>	<u>(1,281,692)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$10,001,779	\$9,545,421	\$9,173,693	\$9,154,943
Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$1,287,636	\$1,285,941	\$1,267,464	\$1,273,099	\$1,238,644	\$1,182,129
<u>(1,287,636)</u>	<u>(1,285,941)</u>	<u>(1,267,464)</u>	<u>(1,273,099)</u>	<u>(1,238,644)</u>	<u>(1,182,129)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$9,197,400	\$9,185,293	\$9,053,314	\$9,093,564	\$8,847,457	\$9,093,300
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$90,933
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(90,933)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Maysville Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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:

Maysville Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

	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

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:

Maysville Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

	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.)

Maysville Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Changes in Benefit Terms – STRS OPEB

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 calendar year 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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**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass-Through Grantor Program Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Disbursements
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed through Ohio Department of Education and Workforce:</i>				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	10.555	2022/2023	\$103,106	\$103,106
Cash Assistance:				
School Breakfast Program	10.553	2022/2023	478,930	478,930
National School Lunch Program	10.555	2022/2023	763,858	1,063,156
COVID-19 CN COVID Food Pro Manf.	10.555	2022/2023	48,316	48,316
Cash Assistance Subtotal			<u>1,291,104</u>	<u>1,590,402</u>
Total Child Nutrition Cluster			1,394,210	1,693,508
COVID-19 SNAP State/Local PEBT	10.649	2022/2023	3,135	3,135
Total U.S. Department of Agriculture			<u>1,397,345</u>	<u>1,696,643</u>
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Office of Budget and Management:</i>				
COVID-19 Ohio K-12 School Safety Grants	21.027	SLFRP0130	300,000	164,721
Total COVID-19 Ohio K-12 School Safety Grants			<u>300,000</u>	<u>164,721</u>
Total U.S. Department of Treasury			300,000	164,721
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I Grants to Local Educational Agencies	84.010	2023 2022	383,398 <u>73,820</u>	402,209 <u>73,820</u>
Total Title I Grants to Local Educational Agencies			457,218	476,029
Special Education Cluster:				
Special Education Grants to States	84.027	2023 2022	398,976 70,569	398,976 70,569
COVID-19 Special Education Grants	84.027X	2023	43,719	43,719
Total Special Education Grants to States			<u>513,264</u>	<u>513,264</u>
Special Education Preschool Grants	84.173	2023	16,799	16,799
Total Special Education Preschool Grants to States			<u>16,799</u>	<u>16,799</u>
Total Special Education Cluster			530,063	530,063
Twenty-First Century Community Learning Centers	84.287	2023 2022	354,421 73,788	381,013 64,921
Total Twenty-First Century Community Learning Centers			<u>428,209</u>	<u>445,934</u>
Supporting Effective Instruction State Grants	84.367	2023	65,533	67,899
Supporting Effective Instruction State Grants	84.367	2022	10,373	10,373
Total Supporting Effective Instruction State Grants			<u>75,906</u>	<u>78,272</u>
Student Support & Academic Enrichment Program	84.424	2023	29,800	29,800
Total Student Support & Academic Enrichment Program			<u>29,800</u>	<u>29,800</u>
Education Stabilization Fund				
COVID-19 Elementary and Secondary School Relief Fund	84.425D	2023	805,605	805,605
COVID-19 ARP ESSER Fund	84.425U	2023	1,269,458	1,243,303
COVID-19 ARP Homeless Fund	84.425W	2023	982	982
Total COVID-19 ESSER and ARP Education Stabilization Funds			<u>2,076,045</u>	<u>2,049,890</u>
Total U.S. Department of Education			<u>3,597,241</u>	<u>3,609,988</u>
Total Federal Awards Receipts and Expenditures			<u>\$5,294,586</u>	<u>\$5,471,352</u>

The accompanying notes are an integral part of this Schedule.

**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM COUNTY**

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District did not provide funds to the subrecipients during the audit period.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

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

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

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 Maysville Local School District, Muskingum County, (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 29, 2024, wherein we noted Foxfire High School and Foxfire Intermediate School are no longer being presented as component units of the School District for 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 29, 2024

**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**

Maysville Local School District
Muskingum County
3715 Panther Drive
Zanesville, Ohio 43701

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Maysville Local School District's, Muskingum County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Maysville Local School District's major federal program for the year ended June 30, 2023. Maysville 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, Maysville 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 School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

February 29, 2024

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**MAYSVILLE LOCAL SCHOOL DISTRICT
MUSKINGUM 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):	Education Stabilization Fund - AL# 84.425D/84.425U/84.425W
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



MAYSVILLE LOCAL SCHOOL DISTRICT

MUSKINGUM 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 3/21/2024

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This report is a matter of public record and is available online at
www.ohioauditor.gov