OHIO AUDITOR OF STATE
KEITH FABER

WAVERLY CITY SCHOOL DISTRICT
PIKE COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

WAVERLY CITY SCHOOL DISTRICT
PIKE COUNTY
JUNE 30, 2023

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Waverly City School District
Pike County
1 Tiger Drive
Waverly, Ohio 45690

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 Waverly City School District, Pike County, Ohio (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Waverly City School District, Pike 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 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 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
March 13, 2024

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

Financial Highlights

- In total, net position of governmental activities decreased $5,821,790 from the prior fiscal year.
- General revenues accounted for $20,017,454 while program specific revenues in the form of charges for services and sales, grants, and contributions accounted for $7,289,835. Total revenues for the School District were $27,307,289. The School District also reported net special items of $2,393,057 for a return of funds to the Ohio Facilities Construction Commission of $3,037,607 less $644,550 in market agreement revenue.
- The School District had $30,736,022 in expenses related to governmental activities; only $7,289,835 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants and entitlements and property taxes), special items, and carry over balances were adequate enough to provide for these programs.

Using this Basic Financial Statements

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

The statement of net position and the 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 major funds with all other nonmajor funds presented in total in one column.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the statement of net position and the statement of activities, the School District has only one kind of activity:

Governmental activities – All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, extracurricular activities, and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds. The major funds for the School District are the general fund, the bond retirement fund, and the permanent improvement 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 government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) 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 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. The internal service fund is used to account for the financing services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The internal service fund is used to account for the reimbursement to employees for deductibles on their health insurance and for the medical self-insurance program.

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 years 2023 and 2022:

Table 1
Net Position

	2023	2022
Assets:		
Current and Other Assets	$22,519,576	$26,365,596
Capital Assets, Net	34,487,373	36,789,506
Total Assets	57,006,949	63,155,102
Deferred Outflows of Resources	6,490,132	7,287,641
Liabilities:		
Current and Other Liabilities	2,979,685	2,908,033
Long-Term Liabilities	28,384,892	21,899,696
Total Liabilities	31,364,577	24,807,729
Deferred Inflows of Resources	10,959,196	18,639,916
Net Position:		
Net Investment in Capital Assets	29,836,902	30,897,955
Restricted	6,619,307	8,446,059
Unrestricted (Deficit)	(15,282,901)	(12,348,916)
Total Net Position	$21,173,308	$26,995,098

Current and other assets decreased from the prior fiscal year. This was primarily due to a decrease in cash and cash equivalents for a return of Ohio Facilities Construction Commission (OFCC) monies after the close-out audit was performed. Operating expenses also increased due to rising costs in an inflationary economy, further reducing cash balances of the School District. Capital assets, net decreased compared to the prior fiscal year. This resulted from current year depreciation and disposals in excess of additions. Current and other liabilities increased slightly. This is due to an increase in accrued wages and benefits as well as an increase in both claims payable and mature compensated absences payable. Long-term liabilities increased due to increases in net pension liabilities. Deferred outflows and inflows of resources changed due to changes in actuarially determined amounts related to the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets) as reported by the retirement systems. Net investment in capital assets decreased due to the School District's current fiscal year depreciation and disposals, which was partially offset by increases for capital asset additions and decreases in debt balances for principal payments. Restricted net position decreased between years due to the return of OFCC monies of $3,037,607. Unrestricted net position decreased primarily due to the increase in net pension liability.

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

Table 2
Change in Net Position

	2023	2022
Revenues		
Program Revenues:		
Charges for Services and Sales	$680,882	$684,733
Operating Grants and Contributions	6,606,358	7,451,427
Capital Grants and Contributions	2,595	57,374
Total Program Revenues	7,289,835	8,193,534
General Revenues:		
Property Taxes	5,986,673	5,681,646
Grants and Entitlements Not Restricted to Specific Programs	13,814,309	14,027,291
Unrestricted Gifts and Donations	25,505	1,570
Gain on Sale of Assets	10,500	50,672
Investment Earnings	74,145	(258,672)
Miscellaneous	106,322	63,458
Total General Revenues	20,017,454	19,565,965
Total Revenues	27,307,289	27,759,499
Program Expenses:		
Instruction:		
Regular	12,712,761	11,109,166
Special	4,748,880	4,661,450
Vocational	325,556	293,587
Adult/Continuing	0	1,000
Student Intervention Services	1,388	10,030
Other	54,161	51,737
Support Services:		
Pupils	1,718,962	1,477,594
Instructional Staff	873,283	798,558
Board of Education	80,266	56,258
Administration	2,164,816	1,775,563
Fiscal	671,710	592,087
Operation and Maintenance of Plant	2,483,136	2,025,460
Pupil Transportation	1,878,298	1,344,991
Central	45,046	0
Operation of Non-Instructional Services	1,689,266	1,444,520
Extracurricular Activities	1,163,882	953,602
Debt Service:		
Interest on Long-Term Debt	124,611	156,295
Total Expenses	30,736,022	26,751,898
Special Items	(2,393,057)	1,379,550
Change in Net Position	(5,821,790)	2,387,151
Net Position at Beginning of Year	26,995,098	24,607,947
Net Position at End of Year	$21,173,308	$26,995,098

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenue, were $7,289,835 for fiscal year 2023. Program revenues decreased between years due to a decrease in operating grants and contributions a decrease in food service grants and ESSER funding.

As previously mentioned, general revenues were $20,017,454 for fiscal year 2023. The majority of these revenues are in the form of grants and entitlements not restricted to specific programs and property taxes. These revenue sources were relatively consistent between years. Investment earnings increased significantly due to a market recovery related to the COVID-19 pandemic.

Special items included a payback of $3,037,607 in Ohio Facilities Construction Commission funds. The School District also received marketing agreement proceeds that offset this payback.

As should be expected, instruction costs represent the largest of the School District's expenses for fiscal year 2023. Most expenses increased between years due to pension and OPEB expenses recognized in the amount of $2,154,321 for the current year as compared to $441,384 reported for the prior year. The decrease in pension and OPEB expenses resulted in an overall increase in total expenses of $1,712,937, allocated amongst the various functions. Various functions also increased due to the general rise of operating expenses resulting from the current inflationary economy.

The statement of activities shows the cost of program services and the charges for services, sales and grants and contributions offsetting those services. That is, it identifies the cost of these services supported by tax revenues and unrestricted grants and entitlements. The community and the State of Ohio, as a whole, provide the vast majority of resources for the School District's students.

The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $27,791,147 and total expenditures and other financing uses of $29,438,892.

The general fund balance decreased $2,129,411, due to expenditures in excess of revenues. The general fund reported increased property tax revenues due to an increase in amounts available for advance. Investment earnings also increased due to increases in interest rates and improved market conditions. Expenditures also increased due to an increase in operating costs resulting from inflationary increases. The bond retirement fund balance increased $429,511, as property tax revenues were collected in excess of debt service obligations. The permanent improvement fund balance increased $637,472, due primarily to the special item received for marketing proceeds.

General Fund - Budget 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. During the course of fiscal year 2023, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. The most significant budgeted fund is the general fund.

For the general fund, original budgeted revenues and other financing sources were $21,645,488 and final budgeted revenues and other financing sources were $21,592,157. This represents a decrease in estimated revenues and other financing sources of $53,331, which was due to a decrease in expected tuition and fees and intergovernmental revenues, which was partially offset by an increase in property tax collections. Original budgeted expenditures and other financing uses were $21,960,864 and final budgeted expenditures and other financing uses were $23,299,995. This represents an increase in appropriations of $1,339,131, which was due primarily to increases for regular instruction and operation and maintenance of plant support services due to increases in expected personnel and purchased services expenditures.

The School District's ending unobligated cash balance was $47,460 above the final budgeted amount in the general fund.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had $34,487,373 invested in capital assets (net of accumulated depreciation). Additions to capital assets primarily consisted of various building improvements, furniture and equipment, and vehicles. For more information on capital assets, refer to note 9 in the notes to the basic financial statements.

Debt

At June 30, 2023, the School District had $584,979 in outstanding long-term general obligation debt, which includes serial bonds and related premium. The School District's other long-term liabilities also include a loan, financed purchases, leases, and compensated absences.

The School District's overall legal debt margin was $24,035,603 with an unvoted debt margin of $239,683, and an energy conservation debt margin of $2,157,143 at June 30, 2023.

For more information on debt, refer to note 13 in the notes to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Becki Peden, Treasurer/Chief Financial Officer of Waverly City Board of Education, 1 Tiger Drive, Waverly, OH 45690 or e-mail at becki.peden@waverlytigers.net.

Waverly City School District
Statement of Net Position
As of June 30, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$12,865,986
Inventory Held for Resale	2,767
Materials and Supplies Inventory	640
Accrued Interest Receivable	21,124
Intergovernmental Receivable	1,028,522
Property Taxes Receivable	6,666,324
Net OPEB Asset	1,934,213
Nondepreciable Capital Assets	799,400
Depreciable Capital Assets, net	33,687,973
Total Assets	57,006,949
Deferred Outflows of Resources:	
Pension	5,768,036
OPEB	722,096
Total Deferred Outflows of Resources	6,490,132
Liabilities:	
Accounts Payable	48,824
Accrued Wages and Benefits	1,946,729
Intergovernmental Payable	335,681
Undistributed Monies	202
Accrued Interest Payable	15,631
Matured Compensated Absences Payable	86,540
Claims Payable	546,078
Long-Term Liabilities:	
Due Within One Year	1,257,330
Due in More Than One Year	4,789,790
Net Pension Liability	21,133,434
Net OPEB Liability	1,204,338
Total Liabilities	31,364,577
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	5,467,560
Pension	2,381,301
OPEB	3,110,335
Total Deferred Inflows of Resources	10,959,196
Net Position:	
Net Investment in Capital Assets	29,836,902
Restricted for Debt Service	3,161,106
Restricted for Capital Outlay	2,922,095
Restricted for Other Purposes	532,239
Restricted for Unclaimed Monies	3,867
Unrestricted (Deficit)	(15,282,901)
Total Net Position	$21,173,308

The notes to the basic financial statements are an integral part of this statement

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

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instruction:					
Regular	$12,712,761	$166,989	$1,042,882	$0	($11,502,890)
Special	4,748,880	45,993	2,952,188	0	(1,750,699)
Vocational	325,556	4,570	32,590	0	(288,396)
Student Intervention Services	1,388	6	1,012	0	(370)
Other	54,161	806	280	0	(53,075)
Support Services:					
Pupils	1,718,962	27,763	420,137	0	(1,271,062)
Instructional Staff	873,283	8,851	14,067	0	(850,365)
Board of Education	80,266	1,198	0	0	(79,068)
Administration	2,164,816	68,097	153,756	0	(1,942,963)
Fiscal	671,710	8,853	0	0	(662,857)
Operation and Maintenance of Plant	2,483,136	31,225	317,792	2,595	(2,131,524)
Pupil Transportation	1,878,298	17,186	562,255	0	(1,298,857)
Central	45,046	674	0	0	(44,372)
Operation of Non-Instructional Services	1,689,266	57,849	1,060,580	0	(570,837)
Extracurricular Activities	1,163,882	240,822	48,819	0	(874,241)
Interest on Long-Term Debt	124,611	0	0	0	(124,611)
Total Governmental Activities	$30,736,022	$680,882	$6,606,358	$2,595	(23,446,187)

General Revenues:	
Property Taxes Levied for:	
General Purposes	4,795,010
Debt Service	896,157
Permanent Improvements	224,038
Classroom Facilities Maintenance	71,468
Grants and Entitlements not Restricted for Specific Programs	13,814,309
Unrestricted Gifts and Donations	25,505
Gain on Sale of Assets	10,500
Investment Earnings	74,145
Miscellaneous	106,322
Total General Revenues	20,017,454
Special Items	(2,393,057)
Change in Net Position	(5,821,790)
Net Position Beginning of Year	26,995,098
Net Position End of Year	$21,173,308

The notes to the basic financial statements are an integral part of this statement

Waverly City School District
Balance Sheet
Governmental Funds
As of June 30, 2023

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$5,889,549	$2,974,087	$1,843,403	$1,487,216	$12,194,255
Inventory Held for Resale	0	0	0	2,767	2,767
Materials and Supplies Inventory	0	0	0	640	640
Accrued Interest Receivable	21,124	0	0	0	21,124
Interfund Receivable	650,674	0	0	0	650,674
Intergovernmental Receivable	18,039	0	0	1,010,483	1,028,522
Property Taxes Receivable	5,335,777	1,001,316	250,329	78,902	6,666,324
Restricted Cash and Cash Equivalents	3,867	0	0	0	3,867
Total Assets	$11,919,030	$3,975,403	$2,093,732	$2,580,008	$20,568,173
Liabilities:					
Accounts Payable	$41,301	$0	$0	$7,523	$48,824
Accrued Wages and Benefits	1,637,784	0	0	308,945	1,946,729
Interfund Payable	0	0	0	650,674	650,674
Intergovernmental Payable	294,430	0	0	41,251	335,681
Undistributed Monies	202	0	0	0	202
Matured Compensated Absences Payable	84,810	0	0	1,730	86,540
Total Liabilities	2,058,527	0	0	1,010,123	3,068,650
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year Operations	4,383,887	814,297	203,575	65,801	5,467,560
Unavailable Revenue	614,773	121,933	30,483	268,070	1,035,259
Deferred Inflows of Resources	4,998,660	936,230	234,058	333,871	6,502,819
Fund Balances:					
Nonspendable	3,867	0	0	0	3,867
Restricted	0	3,039,173	1,859,674	1,509,781	6,408,628
Committed	141,000	0	0	0	141,000
Assigned	1,207,237	0	0	0	1,207,237
Unassigned (Deficit)	3,509,739	0	0	(273,767)	3,235,972
Total Fund Balances	4,861,843	3,039,173	1,859,674	1,236,014	10,996,704
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$11,919,030	$3,975,403	$2,093,732	$2,580,008	$20,568,173

The notes to the basic financial statements are an integral part of this statement.

Waverly City School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
As of June 30, 2023

Total Governmental Fund Balances		$10,996,704
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,487,373
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Intergovernmental	111,469	
Taxes	923,790	
Total		1,035,259
The internal service fund is used by management to charge the costs of deductible reimbursements to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		121,786
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(15,631)
The net pension and OPEB liabilities (assets) are not due and payable (receivable) in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	5,768,036	
Deferred Outflows-OPEB	722,096	
Deferred Inflows-Pension	(2,381,301)	
Deferred Inflows-OPEB	(3,110,335)	
Net Pension Liability	(21,133,434)	
Net OPEB Asset	1,934,213	
Net OPEB Liability	(1,204,338)	
Total		(19,405,063)
Long-term liabilities, including bonds and related liabilities, leases, loans, financed purchase agreements, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Refunding Bonds	(575,000)	
Premium on Refunding Bonds	(9,979)	
Energy Loan	(899,041)	
Financed Purchase Agreements	(3,090,600)	
Premium on Financed Purchase Agreements	(65,248)	
Leases Payable	(10,603)	
Compensated Absences	(1,396,649)	
Total		(6,047,120)
Net Position of Governmental Activities		$21,173,308

The notes to the basic financial statements are an integral part of this statement

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

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$4,915,442	$916,898	$229,224	$73,422	$6,134,986
Intergovernmental	15,469,329	142,123	28,341	4,542,627	20,182,420
Interest	106,684	0	32	2,566	109,282
Change in Fair Value of Investments	(33,766)	0	0	0	(33,766)
Tuition and Fees	323,775	0	0	21,695	345,470
Rent	2,325	0	0	0	2,325
Extracurricular Activities	46,369	0	0	228,887	275,256
Gifts and Donations	33,687	0	0	48,560	82,247
Customer Sales and Services	0	0	0	57,831	57,831
Miscellaneous	88,103	0	0	18,219	106,322
Total Revenues	20,951,948	1,059,021	257,597	4,993,807	27,262,373
Expenditures:					
Current:					
Instruction:					
Regular	9,652,353	0	0	1,033,779	10,686,132
Special	3,068,613	0	0	1,468,160	4,536,773
Vocational	305,462	0	0	0	305,462
Student Intervention Services	401	0	0	987	1,388
Other	53,872	0	0	273	54,145
Support Services:					
Pupils	1,577,578	0	0	44,340	1,621,918
Instructional Staff	588,820	0	0	14,067	602,887
Board of Education	80,055	0	0	0	80,055
Administration	1,868,405	0	0	146,529	2,014,934
Fiscal	569,038	32,229	8,124	2,526	611,917
Operation and Maintenance of Plant	2,085,117	0	53,257	304,155	2,442,529
Pupil Transportation	1,149,757	0	68,788	554,129	1,772,674
Central	45,046	0	0	0	45,046
Operation of Non-Instructional Services	1,239	0	0	1,568,161	1,569,400
Extracurricular Activities	702,994	0	0	304,938	1,007,932
Capital Outlay	218,245	0	69,356	10,804	298,405
Debt Service:					
Principal	477,605	575,000	50,000	0	1,102,605
Interest	128,985	22,281	15,150	0	166,416
Total Expenditures	22,573,585	629,510	264,675	5,452,848	28,920,618
Excess of Revenues Over (Under) Expenditures	(1,621,637)	429,511	(7,078)	(459,041)	(1,658,245)
Other Financing Sources (Uses):					
Transfers In	0	0	0	518,274	518,274
Proceeds from Sale of Assets	10,500	0	0	0	10,500
Transfers Out	(518,274)	0	0	0	(518,274)
Total Other Financing Sources (Uses)	(507,774)	0	0	518,274	10,500
Special Items	0	0	644,550	(3,037,607)	(2,393,057)
Net Change in Fund Balances	(2,129,411)	429,511	637,472	(2,978,374)	(4,040,802)
Fund Balances at Beginning of Year	6,991,254	2,609,662	1,222,202	4,214,388	15,037,506
Fund Balances at End of Year	$4,861,843	$3,039,173	$1,859,674	$1,236,014	$10,996,704

The notes to the basic financial statements are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds		($4,040,802)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	298,405	
Current Year Depreciation	(2,574,543)	
Total		(2,276,138)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(25,995)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	181,502	
Taxes	(148,313)	
Total		33,189
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-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.		(302,507)
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		
Pension	1,844,753	
OPEB	62,816	
Total		1,907,569
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (assets) are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,535,155)	
OPEB	380,834	
Total		(2,154,321)
Amortization of bond and certificate of participation premiums are not reported in the funds, but are allocated as expenses over the life of the debt in the statement of activities.		
Amortization of Premiums		39,379
Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. In the current fiscal year, these amounts consist of:		
Bond Principal Retirement	575,000	
Loan Principal Retirement	102,539	
Financed Purchase Agreements Principal Retirement	406,600	
Lease Payments	18,466	
Total		1,102,605
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. These activities consist of:		
Increase in Compensated Absences	(107,195)	
Decrease in Accrued Interest	2,426	
Total		(104,769)
Net Change in Net Position of Governmental Activities		($5,821,790)

The notes to the basic financial statements are an integral part of this statement

Waverly City School District
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property Taxes	$4,468,918	$4,721,004	$4,721,004	$0
Intergovernmental	15,675,567	15,471,666	15,471,666	0
Interest	61,752	85,560	85,560	0
Tuition and Fees	365,750	323,775	323,775	0
Rent	775	2,325	2,325	0
Gifts and Donations	1,560	25,505	25,505	0
Miscellaneous	42,587	82,068	82,068	0
Total Revenues	20,616,909	20,711,903	20,711,903	0
Expenditures:				
Current:				
Instruction:				
Regular	8,558,021	9,742,587	9,695,127	47,460
Special	3,465,265	3,024,343	3,024,343	0
Vocational	294,629	303,887	303,887	0
Student Intervention Services	1,934	401	401	0
Other	55,532	54,052	54,052	0
Support Services:				
Pupils	1,426,379	1,575,000	1,575,000	0
Instructional Staff	562,180	587,711	587,711	0
Board of Education	79,031	81,154	81,154	0
Administration	1,633,143	1,857,175	1,857,175	0
Fiscal	557,260	561,159	561,159	0
Operation and Maintenance of Plant	1,871,949	2,354,753	2,354,753	0
Pupil Transportation	1,209,472	1,185,148	1,185,148	0
Central	0	45,046	45,046	0
Operation of Non-Instructional Services	7,624	1,603	1,603	0
Extracurricular Activities	630,383	754,257	754,257	0
Capital Outlay	0	66,712	66,712	0
Debt Service:				
Principal	232,218	459,139	459,139	0
Interest	401,503	127,594	127,594	0
Total Expenditures	20,986,523	22,781,721	22,734,261	47,460
Excess of Revenues Under Expenditures	(369,614)	(2,069,818)	(2,022,358)	47,460
Other Financing Sources (Uses):				
Advances In	977,907	869,754	869,754	0
Proceeds from Sale of Assets	50,672	10,500	10,500	0
Transfers Out	(104,587)	(518,274)	(518,274)	0
Advances Out	(869,754)	0	0	0
Total Other Financing Sources (Uses)	54,238	361,980	361,980	0
Net Change in Fund Balance	(315,376)	(1,707,838)	(1,660,378)	47,460
Fund Balance at Beginning of Year	7,433,280	7,433,280	7,433,280	0
Prior Year Encumbrances Appropriated	457,974	457,974	457,974	0
Fund Balance at End of Year	$7,575,878	$6,183,416	$6,230,876	$47,460

The notes to the basic financial statements are an integral part of this statement.

Waverly City School District
Statement of Fund Net Position
Internal Service Fund
As of June 30, 2023

Assets:	
Equity in Pooled Cash and Cash Equivalents	$667,864
Total Assets	667,864
Liabilities:	
Claims Payable	546,078
Total Liabilities	546,078
Net Position:	
Unrestricted	121,786
Total Net Position	$121,786

The notes to the basic financial statements are an integral part of this statement.

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

Operating Revenues:	
Charges for Services	$5,138,839
Total Operating Revenues	5,138,839
Operating Expenses:	
Purchased Services	1,173,414
Claims	4,269,159
Total Operating Expenses	5,442,573
Operating Loss	(303,734)
Non-Operating Revenues	
Interest	1,227
Total Non-Operating Revenues	1,227
Net Change in Net Position	(302,507)
Net Position Beginning of Year	424,293
Net Position End of Year	$121,786

The notes to the basic financial statements are an integral part of this statement.

Waverly City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

Decrease in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Charges for Services	$5,138,839
Purchased Services	(1,173,414)
Claims	(4,173,798)
Net Cash Flows Used by Operating Activities	(208,373)
Cash Flows from Investing Activities:	
Interest	1,227
Net Cash Flows Provided by Investing Activities	1,227
Net Decrease in Cash and Cash Equivalents	(207,146)
Cash and Cash Equivalents at Beginning of Year	875,010
Cash and Cash Equivalents at End of Year	$667,864
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	($303,734)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Increase in Claims Payable	95,361
Net Cash Used by Operating Activities	($208,373)

The notes to the basic financial statements are an integral part of this statement.

Note 1 – Description of the School District and Reporting Entity

The Waverly City 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.

The School District was established in 1969 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 119 square miles. It is located in Pike County, and includes all of the City of Waverly and portions of Pebble, Pee Pee, Jackson, and Franklin Townships. It is staffed by 89 non-certificated employees, 125 certificated full-time teaching personnel and 16 administrative employees who provide services to 1,682 students and other community members. The School District currently operates four instructional buildings, one athletic facility, and one garage.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that 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 the School District, this includes general operations, food service, and student related activities of the School District. The following is also included within the reporting entity:

> *Parochial School* – Within the School District boundaries, Pike Christian Academy is operated as a private school. Current State legislation provides funding to this parochial school. Monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund and as part of governmental activities for financial reporting purposes.

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

The School District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are:

- META Solutions
- Pike County Joint Vocational School District
- Coalition of Rural and Appalachian Schools
- Ohio SchoolComp Workers' Compensation Group Rating Plan.

These organizations are presented in notes 16 and 17 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities. However, 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 are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program; and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the 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 rather than reporting by type. 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 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. All funds of the School District are divided into two categories: governmental and proprietary.

Governmental Funds

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

General Fund - The general fund is the operating fund of the School District and is used to account for and report 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 or transferred according to the general laws of Ohio.

Bond Retirement Fund - The bond retirement fund is used to account for and report property taxes restricted for the payment of general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

Permanent Improvement Fund – The permanent improvement fund is a fund provided to account for all transactions related to the acquiring, constructing, or improving of permanent improvements.

Nonmajor governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Fund

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The School District reports the following proprietary fund:

Internal Service Fund - Internal service funds are used to account 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 internal service fund is used to account for the reimbursement to employees for deductibles on their health insurance and for the School District's medical self-insurance program.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., 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.

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 financial statements of the proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred outflows and 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. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see note 7). 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 for advance and grants.

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 position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The School District reports in the government-wide statement of net position deferred outflows of resources for amounts related to pensions and other postemployment benefits. Amounts related to pensions and other postemployment benefits will be further discussed in notes 10 and 11.

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 position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources for property taxes, unavailable revenue, and pensions and other postemployment benefits. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental funds balance sheet. 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 and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Amounts related to pensions and other postemployment benefits will be further discussed in notes 10 and 11.

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 the governmental funds.

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate appropriations to the function and object level without resolution by the Board of Education.

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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the final appropriations were passed. 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

Cash and Cash Equivalents

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

During fiscal year 2023, investments were limited to money market accounts, STAR Ohio, negotiable certificates of deposit, U.S. Treasury securities, and U.S. Government Agency securities. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its investment in STAR

Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits and redemptions of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund, permanent improvement fund, and nonmajor governmental funds during fiscal year 2023 amounted to $106,684, $32, and $2,566, respectively. The School District also experienced a decrease in fair value of investments of $33,766, which is recognized in the general fund.

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts due to contracts at year end for retainage as well as amounts required by statute to be set-aside by the School District for unclaimed monies.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of consumable supplies.

Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually 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.

Capital assets are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. 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:

Description	Estimated Lives
Land Improvements	5 - 20 years
Buildings and Improvements	10 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	5 - 10 years
Books and Educational Media	3 years

Amortization of intangible right to use leased assets is computed using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Interfund Balances

On fund financial statements, outstanding interfund loans are reported as “interfund receivable/payable”. Interfund balances are eliminated in the statement of net position.

Compensated Absences

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

Sick leave benefits are accrued as a liability using the 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 after 20 years of current service with the School District.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees will be paid.

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

Accrued Liabilities and Long-Term Obligations

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

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

Bond and Certificates of Participation Premiums

In the government-wide financial statements, bond and certificate of participation premiums are deferred and amortized over the term of the bonds and certificates of participation using the straight-line method since the results are not significantly different from the effective interest method. Bond and certificate of participation premiums are presented as an addition to the face amount of the bonds and certificates of participation payable.

On the governmental fund financial statements, bond and certificate of participation premiums are recognized in the period when the debt is issued.

Fund Balance

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

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

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

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

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

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

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

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes federal and State grants restricted to expenditures for specified purposes.

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

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the proprietary fund. Transfers within the governmental activities are eliminated on the government-wide financial statements.

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.

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. In fiscal year 2023, the School District received $644,550 in marketing agreement proceeds. The School District also returned funds in the amount of $3,037,607 to the Ohio Facilities Construction Commission after the final close-out audit was completed. These amounts were recorded as special items on the fund and government-wide financial statements.

Pensions/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.

Note 3 – Fund Balances

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

Fund Balances	General	Bond Retirement	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Unclaimed Monies	$3,867	$0	$0	$0	$3,867
Restricted for					
Debt Payments	0	3,039,173	0	0	3,039,173
Scholarships	0	0	0	9,753	9,753
Capital Maintenance	0	0	0	111,804	111,804
Student Activities	0	0	0	66,587	66,587
District Managed Activities	0	0	0	117,662	117,662
State Grants	0	0	0	35,229	35,229
Federal Grants	0	0	0	136,808	136,808
Capital Improvements	0	0	1,859,674	1,031,938	2,891,612
Total	0	3,039,173	1,859,674	1,509,781	6,408,628
Committed for					
Underground Storage	11,000	0	0	0	11,000
Severance Payments	130,000	0	0	0	130,000
Total	141,000	0	0	0	141,000
Assigned for					
Purchases on Order	1,163,305	0	0	0	1,163,305
Public School Support	43,932	0	0	0	43,932
Total	1,207,237	0	0	0	1,207,237
Unassigned (Deficit)	3,509,739	0	0	(273,767)	3,235,972
Total	$4,861,843	$3,039,173	$1,859,674	$1,236,014	$10,996,704

Note 4 – Budgetary Basis of Accounting

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

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. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Advances are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under general accepted accounting principles and were reported with the general fund (GAAP basis).

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

Net Change in Fund Balance

	General
GAAP Basis	($2,129,411)
Adjustments:	
Revenue Accruals	(179,459)
Expenditure Accruals	211,992
Encumbrances	(436,039)
Advances	869,754
Perspective Differences	2,785
Budget Basis	($1,660,378)

Note 5 – Accountability

At June 30, 2023, the food service, ESSER, IDEA-B, and title I nonmajor special revenue funds had deficit fund balances of $60,093, $107,456, $60,485, and $45,733, respectively. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 6 – Deposits and Investments

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits – Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, the School District's bank balance of $6,382,664 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

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

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

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

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

Investment Type	Fair Value	Maturity < 1 Year	Maturity 1-2 Years	Maturity 3-5 Years	S&P Credit Rating	% of Portfolio
STAR Ohio	$2,977	$2,977	$0	$0	AAAm	0%
Federated Hermes Govt. Oblig.	1,049,294	1,049,294	0	0	AAAm	16%
Negotiable CDs	3,255,669	965,109	1,385,013	905,547	N/A	50%
US Treasury Securities	158,056	158,056	0	0	AA+	2%
FHLMC	1,173,180	975,000	0	198,180	AA+	18%
FHLB	920,686	0	99,361	821,325	AA+	14%
Total	$6,559,862	$3,150,436	$1,484,374	$1,925,052		100%

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 table identifies the School District's recurring fair value measurements as of June 30, 2023. As discussed further in note 2, STAR Ohio is reported at its share price. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by keeping the portfolio sufficiently liquid to enable the School District to meet all operating requirements.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits its investments to STAR Ohio, money market funds, certificates of deposit, and U.S. Government agency securities as described in Ohio Revised Code Section 135.143A(2). The School District's negotiable certificates of deposit are not rated but are fully covered by FDIC insurance.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk. All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District.

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due

December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Pike 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 was 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 inflows - property taxes.

The amounts available as an advance at June 30, 2023 were $337,117 in the general fund, $65,086 in the bond retirement fund, $16,271 in the permanent improvement fund, and $4,813 in nonmajor governmental funds.

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 deferred inflows of resources – unavailable revenue.

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$203,867,780	87.22%	$208,961,460	87.18%
Public Utility	29,864,730	12.78%	30,721,090	12.82%
Total Assessed Value	$233,732,510	100.00%	$239,682,550	100.00%
Tax Rate per $1,000 of Assessed Valuation	$32.00		$32.00	

Note 8 – Receivables

Receivables at June 30, 2023, consisted of interest, property taxes, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. The intergovernmental receivables are as follows:

Major Fund:	
General	$18,039

Nonmajor Funds:	
Early Childhood Education	$14,452
Miscellaneous State Grants	243,723
ESSER	150,844
IDEA B	116,433
Title I	251,245
Title IV-A	63,469
IDEA Preschool	11,407
Title II-A	83,253
Miscellaneous Federal Grants	75,657
Total Nonmajor Funds	1,010,483
Total All Funds	$1,028,522

Note 9 – Capital Assets

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

	Ending Balance 6/30/22	Additions	Deletions	Ending Balance 6/30/23
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$730,044	$0	$0	$730,044
Construction in Progress	0	69,356	0	69,356
Total Capital Assets Not Being Depreciated	730,044	69,356	0	799,400
Capital Assets Being Depreciated				
Land Improvements	6,106,696	38,315	0	6,145,011
Buildings and Improvements	61,958,850	8,671	(47,162)	61,920,359
Furniture and Equipment	4,947,634	175,282	(11,845)	5,111,071
Vehicles	2,021,524	6,781	(77,991)	1,950,314
Books and Educational Media	821,502	0	0	821,502
Intangible Right to Use Leased Assets	86,109	0	0	86,109
Total Capital Assets Being Depreciated	75,942,315	229,049	(136,998)	76,034,366
Less Accumulated Depreciation				
Land Improvements	(3,931,437)	(294,686)	0	(4,226,123)
Buildings and Improvements	(29,680,507)	(1,965,537)	33,012	(31,613,032)
Furniture and Equipment	(3,809,312)	(276,637)	0	(4,085,949)
Vehicles	(1,598,576)	(16,172)	77,991	(1,536,757)
Books and Educational Media	(804,277)	(4,491)	0	(808,768)
Intangible Right to Use Leased Assets	(58,744)	(17,020)	0	(75,764)
Total Accumulated Depreciation	(39,882,853)	(2,574,543)	111,003	(42,346,393)
Total Capital Assets Being Depreciated, Net	36,059,462	(2,345,494)	(25,995)	33,687,973
Governmental Activities Capital Assets, Net	$36,789,506	($2,276,138)	($25,995)	$34,487,373

Of the current year depreciation total of $2,574,543, $17,020 is presented as regular instruction expense on the statement of activities related to the School District's intangible copier assets, which are included as Intangible Right to Use Leased Assets. 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.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,515,027
Special	167,861
Vocational	16,786
Support Services:	
Pupils	83,931
Instructional Staff	260,562
Administration	110,334
Fiscal	33,572
Operation and Maintenance of Plant	25,051
Pupil Transportation	94,982
Operation of Non-Instructional Services	118,780
Extracurricular Activities	147,657
Total Depreciation Expense	$2,574,543

Note 10 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability to (asset for) employees for pensions/OPEB. Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The 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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) 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 11 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contributions to SERS were $432,089 for fiscal year 2023. Of this amount, $0 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The School District's contractually required contributions to STRS were $1,412,664 for fiscal year 2023. Of this amount, $240,312 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability Current Measurement Date	0.08371000%	0.074699290%	
Proportion of the Net Pension Liability Prior Measurement Date	0.08931470%	0.076653709%	
Change in Proportionate Share	-0.00560470%	-0.001954419%	
Proportionate Share of the Net Pension Liability	$4,527,688	$16,605,746	$21,133,434
Pension Expense	$358,447	$2,176,708	$2,535,155

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$183,373	$212,576	$395,949
Changes of assumptions	44,675	1,987,208	2,031,883
Net difference between projected and actual earnings on pension plan investments	0	577,844	577,844
Changes in proportion and differences between School District contributions and proportionate share of contributions	122,955	794,652	917,607
School District contributions subsequent to the measurement date	432,089	1,412,664	1,844,753
Total Deferred Outflows of Resources	$783,092	$4,984,944	$5,768,036
Deferred Inflows of Resources			
Differences between expected and actual experience	$29,724	$63,522	$93,246
Changes of assumptions	0	1,495,797	1,495,797
Net difference between projected and actual earnings on pension plan investments	157,991	0	157,991
Changes in proportion and differences between School District contributions and proportionate share of contributions	219,160	415,107	634,267
Total Deferred Inflows of Resources	$406,875	$1,974,426	$2,381,301

$1,844,753 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 year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$30,432	$200,975	$231,407
2025	(123,167)	109,333	(13,834)
2026	(225,701)	(396,551)	(622,252)
2027	262,564	1,684,097	1,946,661
Total	($55,872)	$1,597,854	$1,541,982

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Discount Rate The total pension liability 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	$6,664,540	$4,527,688	$2,727,419

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

*Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.
**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent. 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	$25,085,237	$16,605,746	$9,434,722

Note 11 – Defined Benefit OPEB Plans

See note 10 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides 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 $62,816.

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 for health care was $62,816 for fiscal year 2023. Of this amount, $62,816 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.08577840%	0.074699290%	
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.09095870%	0.076653709%	
Change in Proportionate Share	-0.00518030%	-0.001954419%	
Proportionate Share of the Net OPEB Liability	$1,204,338	$0	$1,204,338
Proportionate Share of the Net OPEB Asset	$0	($1,934,213)	($1,934,213)
OPEB Expense (Gain)	($45,183)	($335,651)	($380,834)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$10,126	$28,040	$38,166
Changes of assumptions	191,565	82,392	273,957
Net difference between projected and actual earnings on pension plan investments	6,258	33,669	39,927
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	272,384	34,846	307,230
School District contributions subsequent to the measurement date	62,816	0	62,816
Total Deferred Outflows of Resources	$543,149	$178,947	$722,096
Deferred Inflows of Resources			
Differences between expected and actual experience	$770,385	$290,477	$1,060,862
Changes of assumptions	494,389	1,371,543	1,865,932
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	181,607	1,934	183,541
Total Deferred Inflows of Resources	$1,446,381	$1,663,954	$3,110,335

$62,816 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($205,134)	($430,713)	($635,847)
2025	(201,268)	(422,039)	(623,307)
2026	(178,625)	(206,218)	(384,843)
2027	(110,684)	(85,095)	(195,779)
2028	(86,551)	(112,444)	(198,995)
Thereafter	(183,786)	(228,498)	(412,284)
Total	($966,048)	($1,485,007)	($2,451,055)

Actuarial Assumptions - SERS

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

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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 expenses, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability at 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	$1,495,806	$1,204,338	$969,044

	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	$928,760	$1,204,338	$1,564,286

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

*Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.
**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes 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	($1,788,129)	($1,934,213)	($2,059,347)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($2,006,250)	($1,934,213)	($1,843,285)

Note 12 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days for all certified and 225 for all classified personnel. Upon retirement, payment is made to certified employees for 30 percent of accrued but unused sick leave. Classified employees receive 40 percent of accrued but unused sick leave up to a maximum of 55 days. Classified employees with a sick leave balance over 75 days will also receive an amount equal to 10 percent of accumulated sick leave days over 75 with a maximum of 69.5 days in total severance.

Insurance Benefits

Medical/surgical and prescription drug insurance was offered to employees through Medical Mutual of Ohio through December 31, 2021. Beginning January 1, 2022, medical/surgical and prescription drug insurance was offered to employees through Marpai Health (see note 14). The employees share the cost of the monthly premium with the Board. The premium varies with the employee, depending on the terms of the union contract. Dental insurance is provided by SEOVEC. The School District provides life insurance and accidental death and dismemberment insurance to employees through Metropolitan Educational Council.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Note 13 – Long-Term Obligations

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

	Amount Outstanding 6/30/22	Additions	Deductions	Amount Outstanding 6/30/23	Due Within One Year
Governmental Activities					
2016 Refunding Bonds					
Serial Bonds 3%	$1,150,000	$0	($575,000)	$575,000	$575,000
Premium on Debt Issue	39,924	0	(29,945)	9,979	0
Total Refunding Bonds	1,189,924	0	(604,945)	584,979	575,000
2015 ODSA Energy Loan	1,001,580	0	(102,539)	899,041	104,600
Financed Purchases					
2015 Certificates of Participation	2,430,000	0	(270,000)	2,160,000	280,000
Premium on 2015 Certificates of Participation	74,682	0	(9,434)	65,248	0
2014 Purchase Agreement	1,067,200	0	(136,600)	930,600	141,500
Total Financed Purchases	3,571,882	0	(416,034)	3,155,848	421,500
Leases Payable					
Copiers	29,069	0	(18,466)	10,603	9,723
Compensated Absences	1,289,454	843,076	(735,881)	1,396,649	146,507
Net Pension Liability	13,096,319	8,037,115	0	21,133,434	0
Net OPEB Liability	1,721,468	0	(517,130)	1,204,338	0
Total Governmental Activities Long-Term Obligations	$21,899,696	$8,880,191	($2,394,995)	$28,384,892	$1,257,330

2016 Classroom Facilities Refunding Bonds

On October 19, 2016, the School District issued $3,720,000 in voted general obligation bonds for the purpose of currently refunding the 2006 Classroom Facilities Refunding Bonds. The bonds were issued for a 7-year period, with final maturity in December 2023. These bonds are not subject to redemption prior to stated maturity. These bonds will be retired from the bond retirement fund.

2015 ODSA Energy Note

In April 2015, the School District entered into a promissory note with the Ohio Development Services Agency (OSDA) for funds to complete an energy project. The note was issued in the amount of $1,574,803, and the funds were drawn during the fiscal year. The loan carries a 1.75 percent interest rate for a term of 15 years. The loan will be retired from the general fund.

In accordance with the promissory note, if default is made in the payment of any installment of principal, interest and/or service fee under the note, or if an event of default under the loan agreement shall have occurred and be subsisting, then at the option of the Director of ODSA, the entire principal sum payable and all interest and service fees accrued thereon shall become due and payable at once, without notice or demand. A late charge equal to 5 percent of the delinquent amount due shall be assessed for each month during which the default exists and paid by the School District to the Director, which late charge shall be in addition to all of the Director's other rights and remedies available under the loan documents.

Financed Purchases

2015 Certificates of Participation – In May 2015, the School District issued certificates of participation in the amount of $4,200,000 for the purpose of repaying $2,500,000 in short-term notes and to provide additional funding for the school facilities improvement project. The certificates hold interest rates ranging from 2 percent to 4 percent and has a final maturity of December 2029. The certificates will be retired from the general fund and permanent improvement fund.

2014 Purchase Agreement – During fiscal year 2006, the School District entered into a purchase agreement for the locally funded portion of the new School District buildings which was primarily related to the construction of an auditorium. The School District is financing the project from Central Ohio Loan Services, Inc. Central Ohio Loan Services, Inc. will retain title to the project during the financing term. As part of the purchase agreement, Central Ohio Loan Services, Inc. deposited $1,650,000 into the School District's bank account. The School District had previously paid all contractors as work progressed, and the proceeds of the agreement were used to replenish these monies. Capital assets acquired by the agreement were initially capitalized in the amount of $1,650,000 which is equal to the present value of the minimum financing payments at the time of acquisition.

During fiscal year 2014, the School District entered into a purchase agreement to refinance the 2006 purchase agreement and to provide additional funds to finance construction projects. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2023 totaled $136,600. Payments were paid from the general fund.

These agreements meet the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2023 are as follows:

Fiscal Year Ending	2016 Classroom Facilities Refunding Bonds		2015 ODSA Energy Loan		2015 Certificates of Participation		2014 Purchase Agreement	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$575,000	$8,625	$104,600	$15,261	$280,000	$76,550	$141,500	$34,060
2025	0	0	106,703	13,422	285,000	68,075	146,700	28,802
2026	0	0	108,847	11,544	295,000	57,900	152,100	23,448
2027	0	0	111,035	9,630	305,000	45,900	157,600	17,896
2028	0	0	113,267	7,677	320,000	33,400	163,400	12,177
2029-2031	0	0	354,589	10,478	675,000	27,300	169,300	6,179
Total	$575,000	$8,625	$899,041	$68,012	$2,160,000	$309,125	$930,600	$122,562

Lease Payable

In previous fiscal years, the School District entered into agreements for the use of copier equipment. Due to the implementation of GASB 87, these leases have met the criteria of a lease thus requiring it to be recorded by the School District. Lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. Principal payments are being made from the general fund.

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

Year	Principal	Interest
2024	$9,723	$496
2025	880	11
Total	$10,603	$507

Compensated absences will be paid from the general, food service, and title VI-B funds. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was $24,035,603 with an unvoted debt margin of $239,683, and an energy conservation debt margin of $2,157,143 at June 30, 2023.

Note 14 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District purchases commercial coverage to address these risks.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant decrease in coverage from the prior fiscal year.

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 17). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

Self-Insurance

Medical insurance is offered to employees through a self-insurance internal service fund. The School District provides health benefits through Marpai Health, to which monthly premiums for the cost of claims are remitted as the third party administrator, who in turn pays the claims on the School District's behalf. The claims liability of $546,078 reported in the internal service fund at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Financing Omnibus." These standards require that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expense and does not include other allocated or unallocated claim adjustment expenses.

Changes to the internal service fund's claims liability amounts in the past two fiscal years follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claim Payments	Balance at End of Fiscal Year
2023	$450,717	$4,269,159	$4,173,798	$546,078
2022	0	1,916,892	1,466,175	450,717

Note 15 – Interfund Activity

During fiscal year 2023, interfund transfers were as follows:

	Transfers In	Transfers Out
Major Fund:		
General	$0	$518,274
Nonmajor Funds:		
Food Service Fund	495,866	0
Latchkey Fund	1,984	0
District Managed Activities	20,424	0
Total	$518,274	$518,274

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds.

As of June 30, 2023, interfund receivables and payables that resulted from interfund transactions were as follows:

	Receivables	Payables
Major Fund:		
General	$650,674	$0
Nonmajor Funds:		
Public Preschool	0	14,452
Miscellaneous State Grants	0	229,456
IDEA B	0	73,078
Title I	0	175,559
Drug Free Schools	0	63,469
IDEA Preschool	0	11,407
Title II-A	0	83,253
Total Nonmajor Funds	0	650,674
Total	$650,674	$650,674

General fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are received, the grant fund will use these restricted monies to reimburse the general fund for the initial advance.

Note 16 – Jointly Governed Organizations

Metropolitan Educational Technology Association (META) Solutions

META Solutions is an educational solutions partner providing services across Ohio. META Solutions provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions' Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META Solutions $106,216 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Pike County Joint Vocational School

The Pike County Joint Vocational School District (Vocational School District) is a distinct political subdivision of the State of Ohio operated under the direction of a Board which consists of four of the 11 members of the Ross-Pike County Educational Service Center's Board of Education and one representative from the Waverly City Schools Board of Education, which possesses its own budgeting and taxing authority. The Vocational School District Board exercises total control over the operations of the Vocational School District including budget, appropriating, contracting and designating management. Each school district's degree of control is limited to its representation on the Board. To obtain financial information write to the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (the Coalition) is a jointly governed organization of over 100 school districts in southeastern Ohio. The Coalition is operated by a board which is composed of 14 members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Board exercises total control over the operations of the Coalition including budget, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid $3,506 to the Coalition for services provided during the fiscal year.

Note 17 – Insurance Purchasing Pool

Ohio SchoolComp Workers' Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

Note 18 – Set-Aside Calculations

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 or 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.

	Capital Improvements
Set-Aside Balance as of June 30, 2022	$0
Current Fiscal Year Set-Aside Requirement	403,466
Current Fiscal Year Qualifying Expenditures	(403,466)
Set-Aside Balance as of June 30, 2023	$0
Required Set-Aside Balance Carried Forward to Fiscal Year 2024	$0

Amounts of offsets and qualifying disbursements presented in the table for capital improvements were limited to those necessary to reduce the fiscal year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements for capital improvements during the fiscal year, this extra amount may not be used to reduce the set-aside requirements of future fiscal years.

Note 19 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

State Foundation Funding

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 not yet been finalized.

Litigation

The School District is currently party to legal proceedings. However, management is of the opinion that there will not be a material adverse effect on the School District's financial condition as a result of these proceedings.

Note 20 – Significant Commitments

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and 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 June 30, 2023, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

Major Funds:	
General	$438,207
Permanent Improvement	20,252

Nonmajor Funds:	
Food Services	$14,325
Classroom Facilities Maintenance	8,256
District Managed Activities	21,695
ESSER	8,360
Auxiliary Services	8,994
Total Nonmajor Funds	61,630
Total All Funds	$520,089

Note 21 – COVID-19

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

Note 22 – New Accounting Pronouncements and Restatement of Balances

New Accounting Pronouncements

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements".

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, "Leases". It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and
- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

These changes were considered in the preparation of the School District's 2023 financial statements; however, there was no effect on beginning net position/fund balance nor was note disclosure presentation required.

Waverly City School District

Required Supplementary Information

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

Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Teachers Retirement System										
School District's proportion of the net pension liability	0.06722524%	0.06722524%	0.06556426%	0.06705470%	0.06680120%	0.06921299%	0.06924009%	0.07213445%	0.076653709%	0.074699290%
School District's proportionate share of the net pension liability	$19,477,805	$16,351,505	$18,120,044	$22,445,239	$15,868,773	$15,218,382	$15,312,030	$17,453,970	$9,800,866	$16,605,746
School District's covered payroll	$7,003,169	$6,820,685	$6,735,486	$6,807,600	$7,182,914	$7,912,286	$8,157,521	$8,568,314	$9,449,471	$9,439,586
School District's proportionate share of the net pension liability as a percentage of its covered payroll	278.1%	239.7%	269.0%	329.7%	220.9%	192.3%	187.7%	203.7%	103.7%	175.9%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%
School Employees Retirement System										
School District's proportion of the net pension liability	0.06924000%	0.06924000%	0.07125910%	0.07229870%	0.07388310%	0.07390850%	0.07789280%	0.08031410%	0.089314700%	0.083710000%
School District's proportionate share of the net pension liability	$4,117,481	$3,504,197	$4,066,113	$5,291,598	$4,414,352	$4,232,877	$4,660,463	$5,312,144	$3,295,453	$4,527,688
School District's covered payroll	$1,900,470	$2,808,117	$3,059,484	$3,145,371	$3,066,857	$2,385,859	$2,484,015	$2,712,771	$2,968,107	$3,020,164
School District's proportionate share of the net pension liability as a percentage of its covered payroll	216.7%	124.8%	132.9%	168.2%	143.9%	177.4%	187.6%	195.8%	111.0%	149.9%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
See the accompanying notes to the required supplementary information.

Waverly City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
State Teachers Retirement System							
School District's proportion of the net OPEB liability (asset)	0.06705470%	0.06680120%	0.06921299%	0.06924009%	0.07213445%	0.076653709%	0.074699290%
School District's proportionate share of the net OPEB liability (asset)	$3,572,547	$2,606,337	($1,112,182)	($1,146,782)	($1,267,762)	($1,616,181)	($1,934,213)
School District's covered payroll	$6,807,600	$7,182,914	$7,912,286	$8,157,521	$8,568,314	$9,449,471	$9,439,586
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	52.5%	36.3%	-14.1%	-14.1%	-14.8%	-17.1%	-20.5%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%
School Employees Retirement System							
School District's proportion of the net OPEB liability	0.07229870%	0.07473870%	0.07484200%	0.07964480%	0.08028330%	0.090958700%	0.085778400%
School District's proportionate share of the net OPEB liability	$2,130,329	$2,005,790	$2,076,319	$2,002,899	$1,744,819	$1,721,468	$1,204,338
School District's covered payroll	$3,145,371	$3,066,857	$2,385,859	$2,484,015	$2,712,771	$2,968,107	$3,020,164
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	67.7%	65.4%	87.0%	80.6%	64.3%	58.0%	39.9%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Waverly City School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Teachers Retirement System										
Contractually required contribution - pension	$886,689	$942,968	$953,064	$1,005,608	$1,107,720	$1,142,053	$1,199,564	$1,322,926	$1,321,542	$1,412,664
Contractually required contribution - OPEB	68,207	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	954,896	942,968	953,064	1,005,608	1,107,720	1,142,053	1,199,564	1,322,926	1,321,542	1,412,664
Contributions in relation to the contractually required contribution	954,896	942,968	953,064	1,005,608	1,107,720	1,142,053	1,199,564	1,322,926	1,321,542	1,412,664
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered payroll	$6,820,685	$6,735,486	$6,807,600	$7,182,914	$7,912,286	$8,157,521	$8,568,314	$9,449,471	$9,439,586	$10,090,457
Contributions as a percentage of covered payroll - pension	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
School Employees Retirement System										
Contractually required contribution - pension	$389,205	$403,240	$440,352	$429,360	$322,091	$335,342	$379,788	$415,535	$422,823	$432,089
Contractually required contribution - OPEB (1)	3,931	25,088	0	0	11,929	12,420	0	0	0	0
Contractually required contribution - total	393,136	428,328	440,352	429,360	334,020	347,762	379,788	415,535	422,823	432,089
Contributions in relation to the contractually required contribution	393,136	428,328	440,352	429,360	334,020	347,762	379,788	415,535	422,823	432,089
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered payroll	$2,808,117	$3,059,484	$3,145,371	$3,066,857	$2,385,859	$2,484,015	$2,712,771	$2,968,107	$3,020,164	$3,086,350
Contributions as a percentage of covered payroll - pension	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See the accompanying notes to the required supplementary information.

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State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2023.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

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% to 1.984% 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% 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, 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.

There were no changes to benefit terms for fiscal year 2023.

<u>Changes in assumptions</u>

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.

- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
    - Medical Medicare – 5 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – 8 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 8 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
    - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
    - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
    - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
    - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
    - 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 was updated to the following:
    - 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.

There were no changes in assumptions for fiscal year 2023.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2023.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
    - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates,set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:

  - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
  - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:

  - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
  - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
  - 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 was updated to the following:
  - 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.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

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WAVERLY CITY SCHOOL DISTRICT
PIKE COUNTY

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

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal Assistance Listing Number**	**Pass Through Entity Identifying Number**	**Total Federal Receipts**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster				
Cash Assistance				
School Breakfast Program	10.553	N/A	282,780	282,780
COVID-19 National School Lunch Program	10.555	N/A	47,038	47,038
National School Lunch Program	10.555	N/A	581,273	581,273
Total Child Nutrition Cluster			911,091	911,091
COVID-19 P-EBT Program	10.649	N/A	3,135	3,135
Total U.S. Department of Agriculture			**914,226**	**914,226**
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Department of Education				
Coronavirus State and Local Fiscal Recovery Funds				
COVID-19 Ohio K-12 School Safety Grant Program	21.027	N/A	200,000	63,192
Total Coronavirus State and Local Fiscal Recovery Funds			200,000	63,192
Total U.S. Department of Treasury			**200,000**	**63,192**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Education Stabilization Fund				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425 D	N/A	6,133	5,112
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425 U	N/A	1,921,542	1,785,355
COVID-19 ARP ESSER – Homeless Children and Youth	84.425 W	N/A	2,962	4,069
Total Education Stabilization Fund			1,930,637	1,794,536
Special Education Cluster:				
Special Education-Grants to States - 2022 (IDEA-B)	84.027	N/A	55,642	55,642
Special Education-Grants to States - 2023 (IDEA-B)	84.027	N/A	375,686	407,163
COVID-19 ARP IDEA-B	84.027 X	N/A	27,054	68,655
Total Special Education Grants to States			458,382	531,460
IDEA Early Childhood Special Education	84.173 A	N/A	0	11,407
Total Special Education Cluster			458,382	542,867
Title I:				
Title I Grants to Local Educational Agencies - 2022	84.010	N/A	73,499	73,499
Title I Grants to Local Educational Agencies - 2023	84.010	N/A	355,344	518,899
Title I Expanding Opportunities for Each Child	84.010 A	N/A	0	12,004
Total Title I			428,843	604,402
Title II-A:				
Supporting Effective Instruction State Grants-2023	84.367	N/A	0	83,253
Total Supporting Effective Instruction			0	83,253
Title V-B:				
Rural and Low Income - 2022	84.358	N/A	3,325	300
Rural and Low Income - 2023	84.358	N/A	0	75,657
Total Rural and Low Income			3,325	75,957
Title IV-A:				
Student Support Academic Enrichment - 2023	84.424	N/A	0	63,469
			0	63,469
Total U.S. Department of Education			**2,821,187**	**3,164,484**
Total Expenditures of Federal Awards			**3,935,413**	**4,141,902**

The accompanying notes are an integral part of this schedule.

WAVERLY CITY SCHOOL DISTRICT
PIKE COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	Assistance Listing Number	Amount Transferred
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund (ARP ESSER)	84.425 U	$ 1,419,155
COVID-19 ARP ESSER – Homeless Children and Youth	84.425 W	6,070

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Waverly City School District
Pike County
1 Tiger Drive
Waverly, Ohio 45690

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 Waverly City School District, Pike 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 March 13, 2024. We noted the financial impact of COVID-19 and continuing emergency measures which may impact subsequent periods of the School District.

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

Keith Faber
Auditor of State
Columbus, Ohio
March 13, 2024

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Waverly City School District
Pike County
1 Tiger Drive
Waverly, Ohio 45690

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each 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 each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio
March 13, 2024

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WAVERLY CITY SCHOOL DISTRICT
PIKE 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):**	10.553/10.555 Child Nutrition Cluster 84.425 Educational Stabilization Fund
(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

WAVERLY CITY SCHOOL DISTRICT

PIKE 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 3/26/2024

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