

CHILlicothe CITY SCHOOL DISTRICT
ROSS COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



Millhuff-Stang

CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER



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Board Members
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Chillicothe City School District, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

May 16, 2025

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Chillicothe City School District
Ross County
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For the Fiscal Year Ended June 30, 2024

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Independent Auditor's Report

Members of the Board
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chillicothe City School District, Ross County, Ohio (the School District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Chillicothe City School District, Ross County, Ohio, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows, and the respective budgetary comparison of the General Fund and the ESSER Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

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, the schedules of net pension and OPEB liabilities (assets), and the schedules of School District 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.

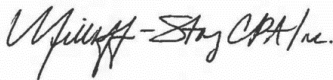
Supplementary Information

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 federal awards expenditures, 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* (Uniform Guidance), 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 federal awards expenditures 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 6, 2025 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 6, 2025

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chillicothe City School District's (School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2024 by \$14,240,728.
- The School District's net position of governmental activities increased \$3,179,962. Net position of business-type activities decreased \$1,975.
- General revenues accounted for \$35,336,560 or 71 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$14,778,810 or 29 percent of total revenues of \$50,115,370.
- The School District had \$46,937,383 in expenses related to governmental activities; only \$14,778,810 of these expenses were offset by program specific charges for services and sales, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$35,336,560 were adequate to provide for these programs.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Chillicothe City School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The statement of net position and statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the General Fund, ESSER Special Revenue Fund, and Debt Service Fund are the major funds.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and change in net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the statement of net position and the statement of activities, the School District has two kinds of activity, governmental and business-type.

- **Governmental Activities.** Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.
- **Business-Type Activities.** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's Cavalier Athletic Center Fund is reported as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The Chillicothe City School District's major funds are the General Fund, ESSER Special Revenue Fund, and Debt Service Funds.

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 year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily 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 to 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 basic financial statements.

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds. The School District acts in trustee capacity as an agent for another governmental unit. These activities are reported in a custodial fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, 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 2024 compared to 2023.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
	Assets:					
Current and Other Assets	\$40,425,719	\$37,932,580	(\$25,409)	\$3,960	\$40,400,310	\$37,936,540
Capital Assets, Net	68,355,544	70,417,110	50,919	0	68,406,463	70,417,110
Total Assets	108,781,263	108,349,690	25,510	3,960	108,806,773	108,353,650
Deferred Outflows of Resources	8,832,129	9,340,928	53,036	69,307	8,885,165	9,410,235
Liabilities:						
Current and Other Liabilities	5,649,624	4,870,595	18,104	18,151	5,667,728	4,888,746
Long-Term Liabilities	78,261,643	79,870,341	110,923	99,786	78,372,566	79,970,127
Total Liabilities	83,911,267	84,740,936	129,027	117,937	84,040,294	84,858,873
Deferred Inflows of Resources	19,388,057	21,815,576	22,859	26,695	19,410,916	21,842,271
Net Position:						
Net Investment in Capital Assets	30,608,193	31,552,098	50,919	0	30,659,112	31,552,098
Restricted	7,429,470	4,509,802	0	0	7,429,470	4,509,802
Unrestricted (Deficit)	(23,723,595)	(24,927,794)	(124,259)	(71,365)	(23,847,854)	(24,999,159)
Total Net Position	\$14,314,068	\$11,134,106	(\$73,340)	(\$71,365)	\$14,240,728	\$11,062,741

The increase of \$2,463,770 in current and other assets is primarily due to increases cash and cash equivalents and cash and cash equivalents with fiscal agents, intergovernmental and taxes receivable, which were partially offset by a decrease in the OPEB asset. The decrease of \$2,010,647 in capital assets, net is due to current year depreciation and amortization expense and disposals exceeding current year additions. Deferred outflows of resources decreased \$525,070 due to actuarially determined changes related to the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

Current and other liabilities increased \$778,982 due to increases in accounts payable, accrued wages and benefits payable, and claims payable. The decrease of \$1,597,561 in long-term liabilities is due mainly to a decrease in debt balances as a result of current principal payments. Deferred inflows of resources decreased by \$2,431,355 due to actuarially determined changes related to the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

Table 2 shows the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 2
Net Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program Revenues:						
Charges for Services and Sales	\$989,129	\$1,079,956	\$0	\$0	\$989,129	\$1,079,956
Operating Grants, Contributions, and Interest	13,242,130	13,115,154	0	0	13,242,130	13,115,154
Capital Grants, Contributions, and Interest	547,551	2,148	0	0	547,551	2,148
Total Program Revenues	14,778,810	14,197,258	0	0	14,778,810	14,197,258
General Revenues						
Property Taxes and Payments in Lieu	16,832,724	15,655,931	0	0	16,832,724	15,655,931
Unrestricted Grants and Entitlements	17,103,113	15,408,852	0	0	17,103,113	15,408,852
Gain on Sale of Assets	9,977	0	0	0	9,977	0
Investment Earnings	918,614	440,534	4	14	918,618	440,548
Miscellaneous	239,609	416,583	127,770	104,598	367,379	521,181
Gain on Termination of Lease	96,029	0	0	0	96,029	0
Gifts and Donations not Restricted	8,720	2,933	0	0	8,720	2,933
Total General Revenues	35,208,786	31,924,833	127,774	104,612	35,336,560	32,029,445
Total Revenues	49,987,596	46,122,091	127,774	104,612	50,115,370	46,226,703
Program Expenses						
Instruction						
Regular	17,878,722	17,240,889	0	0	17,878,722	17,240,889
Special	8,445,011	7,036,820	0	0	8,445,011	7,036,820
Vocational	91,552	144,932	0	0	91,552	144,932
Other	359,010	194,790	0	0	359,010	194,790
Support Services						
Pupils	2,873,208	2,507,671	0	0	2,873,208	2,507,671
Instructional Staff	590,100	778,408	0	0	590,100	778,408
Board of Education	109,557	146,536	0	0	109,557	146,536
Administration	3,381,660	2,785,001	0	0	3,381,660	2,785,001
Fiscal and Business	1,058,832	871,152	0	0	1,058,832	871,152
Operation and Maintenance of Plant	4,179,093	4,174,568	0	0	4,179,093	4,174,568
Pupil Transportation	1,871,786	2,104,394	0	0	1,871,786	2,104,394
Central	535,819	550,542	0	0	535,819	550,542
Operation of Non-Instructional Serv.	2,742,823	2,219,071	0	0	2,742,823	2,219,071
Extracurricular Activities	1,070,052	944,180	0	0	1,070,052	944,180
Interest on Long-Term Debt	1,620,409	1,904,824	0	0	1,620,409	1,904,824
Cavalier Athletic Center	0	0	129,749	152,670	129,749	152,670
Total Expenses	46,807,634	43,603,778	129,749	152,670	46,937,383	43,756,448
Change in Net Position	3,179,962	2,518,313	(1,975)	(48,058)	3,177,987	2,470,255
Net Position at Beginning of Year	11,134,106	8,615,793	(71,365)	(23,307)	11,062,741	8,592,486
Net Position at End of Year	\$14,314,068	\$11,134,106	(\$73,340)	(\$71,365)	\$14,240,728	\$11,062,741

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Governmental Activities

Capital grants, contributions, and interest increased due to a donation made to the School District during the current fiscal year for turf and other athletics-related purposes. Property taxes increased due to an increase in assessed valuations. Unrestricted grants and entitlements increased due to an increase in State foundation funding. Investment earnings increased due to an increase in cash on hand as of year end.

Various expense functions increased due to the increase in pension and OPEB expenses, which were recognized as an overall expense in the amount of \$2,842,561, compared to \$2,722,989 for the prior fiscal year. These expenses are allocated amongst the various expense functions with instruction receiving the largest allocations. In addition, overall expenditures increased as a result of increases in purchased services and accounts payable, as well as salaries and accrued wages and benefits as a result of increased staffing from the prior year.

Property taxes comprised 34 percent of revenue for governmental activities of the School District for fiscal year 2024. Grants and entitlements not restricted comprised 34 percent of revenue for governmental activities during 2024. Operating grants, contributions, and interest comprised 26 percent of revenue for governmental activities during 2024.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 57 percent of governmental program expenses with support services comprising 31 percent of governmental expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2024 as compared to 2023. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$26,774,295	\$17,509,521	\$24,617,431	\$15,834,140
Support Services	14,600,055	12,130,697	13,918,272	11,074,444
Operation of Non-Instructional Services	2,742,823	498,364	2,219,071	(103,327)
Extracurricular Activities	1,070,052	269,833	944,180	696,439
Interest	1,620,409	1,620,409	1,904,824	1,904,824
Total Expenses	\$46,807,634	\$32,028,824	\$43,603,778	\$29,406,520

Business-Type Activities

Business-type activity is comprised of an athletic complex that the School District operates. Miscellaneous revenues increased during the current fiscal year, as the School District experienced increased activity for the program. Expenses decreased due to a decrease in fringe benefits and materials and supplies, which was partially offset by an increase in purchased services.

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS

All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$51,343,330 and expenditures and other financing uses of \$48,084,685. The net change in fund balance for the year was significant in the General Fund.

The fund balance of the General Fund increased in the amount of \$1,257,851 due to revenues in excess of expenditures. Intergovernmental revenues increased due to an increase in state foundation funding. There was a corresponding increase in expenditures. Property taxes also increased due to an increase in assessed valuations.

The fund balance of the Debt Service Fund increased in the amount of \$402,075. The increase in fund balance is primarily due a transfer in from the general fund. Property taxes also increased due to an increase in assessed valuations.

The fund balance of the ESSER Fund increased in the amount of \$734,701. The increase in fund balance is primarily due to revenues exceeding expenditures.

General Fund Budgeting Highlights

The School District's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis. During 2024, there were revisions to the General Fund budget. Original budgeted amounts for interest increased due primarily to an increase in cash on hand. Original budget appropriations increased primarily to an increase in special instruction, pupils, and capital outlay costs, which were partially offset by decreases in regular and other instruction. The School District's actual revenues and other financing sources were relatively consistent with final budgeted amounts. Actual expenditures and other financing uses were lower than anticipated due primary to regular instruction and capital outlay. The School District's ending unobligated fund balance was \$8,122,444.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4 shows the fiscal year 2024 balances compared to 2023.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation and Amortization)

	Governmental Activities		Business-Type Activities	
	2024	2023	2024	2023
Land and Improvements	\$1,614,883	\$1,685,074	\$0	\$0
Buildings and Improvements	64,233,546	65,860,454	0	0
Furniture and Equipment	1,569,125	1,628,822	50,919	0
Vehicles	849,050	1,102,997	0	0
Intangible Right to Use Leased Asset	88,940	139,763	0	0
Totals	<u>\$68,355,544</u>	<u>\$70,417,110</u>	<u>\$50,919</u>	<u>\$0</u>

Chillicothe City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The net decrease in governmental activities capital assets from the prior year resulted from current year depreciation, amortization, and disposals in excess of additions. The net increase in business-type activities capital assets is due to additions in excess of current year depreciation and amortization. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (note 8).

Debt

At June 30, 2024, the School District had \$39,406,884 in bonds and bond anticipation notes outstanding with \$2,354,533 due within one year. Table 5 summarizes the bonds and notes outstanding:

Table 5
 Outstanding Debt at Year End

	2024	2023
2007 Capital Appreciation Bonds	\$1,749,533	\$3,224,308
2016 School Facilities Bond	19,764,714	20,139,421
2016 Refunding Bonds	17,323,674	17,497,452
2016 PI Tax Anticipation Notes	568,963	835,945
Financed Purchases	0	50,000
Leases Payable	0	147,194
Totals	\$39,406,884	\$41,894,320

The School District's overall legal debt margin was \$16,196,401 and the unvoted debt margin was \$535,839 at June 30, 2024. Detailed information regarding long-term and other debt is included in the notes to the basic financial statements (note 13).

Current Financial Related Activities

Chillicothe City School District has struggled financially for several years. This is mainly due to the tangible personal property tax loss. The tax loss hit the School District hard. ESSER monies received have allowed the School District to save General Fund monies and stabilize the cash balance for a few years.

The School District still struggles with open enrollment but the trend is starting to reduce due to the number of students coming into our School District. The outlook of the School District has stability.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Nick Overly, Treasurer, Chillicothe City School District, 425 Yoctangee Parkway, Chillicothe, Ohio 45601.

Chillicothe City School District
Statement of Net Position
As of June 30, 2024

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$17,400,956	\$12,625	\$17,413,581
Cash and Cash Equivalents in Segregated Accounts	1,000	0	\$1,000
Cash and Cash Equivalents with Fiscal Agents	2,082,695	0	\$2,082,695
Accrued Interest Receivable	5,127	0	5,127
Accounts Receivable	19,790	0	19,790
Internal Balances	38,034	(38,034)	0
Intergovernmental Receivable	2,078,089	0	2,078,089
Taxes Receivable	16,547,836	0	16,547,836
Net OPEB Asset	2,252,192	0	2,252,192
Non-Depreciable Capital Assets	607,140	0	607,140
Depreciable Capital Assets, net	67,748,404	50,919	67,799,323
<i>Total Assets</i>	108,781,263	25,510	108,806,773
Deferred Outflows of Resources:			
Pension	7,223,551	17,613	7,241,164
OPEB	1,608,578	35,423	1,644,001
<i>Total Deferred Outflows of Resources</i>	8,832,129	53,036	8,885,165
Liabilities:			
Accounts Payable	217,955	150	218,105
Accrued Wages and Benefits	4,126,687	3,392	4,130,079
Intergovernmental Payable	700,865	14,562	715,427
Accrued Interest Payable	97,949	0	97,949
Claims Payable	506,168	0	506,168
Long-Term Liabilities:			
Due Within One Year	2,617,585	0	2,617,585
Due in More Than One Year	39,849,889	0	39,849,889
Net Pension Liability	33,245,390	84,481	33,329,871
Net OPEB Liability	2,548,779	26,442	2,575,221
<i>Total Liabilities</i>	83,911,267	129,027	84,040,294
Deferred Inflows of Resources:			
Property Taxes not Levied to Finance Current Year Operations	13,536,774	0	13,536,774
Pension	1,832,757	1,179	1,833,936
OPEB	4,018,526	21,680	4,040,206
<i>Total Deferred Inflows of Resources</i>	19,388,057	22,859	19,410,916
Net Position:			
Net Investment in Capital Assets	30,608,193	50,919	30,659,112
Restricted for Debt Service	1,025,000	0	1,025,000
Restricted for Capital Outlay	3,085,826	0	3,085,826
Restricted for Other Purposes	2,083,178	0	2,083,178
Restricted for Net OPEB Asset	742,347	0	742,347
Restricted for Permanent Fund:			
Non-Expendable	450,000	0	450,000
Expendable	43,119	0	43,119
Unrestricted (Deficit)	(23,723,595)	(124,259)	(23,847,854)
<i>Total Net Position</i>	\$14,314,068	(\$73,340)	\$14,240,728

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

Chillicothe City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	\$17,878,722	\$328,119	\$3,145,960	\$0	(\$14,404,643)	\$0	(\$14,404,643)
Special	8,445,011	138,989	5,551,537	0	(2,754,485)	0	(2,754,485)
Vocational	91,552	1,789	91,238	0	1,475	0	1,475
Other	359,010	7,142	0	0	(351,868)	0	(351,868)
Support Services:							
Pupils	2,873,208	46,183	1,060,414	0	(1,766,611)	0	(1,766,611)
Instructional Staff	590,100	7,609	327,721	0	(254,770)	0	(254,770)
Board of Education	109,557	2,212	0	0	(107,345)	0	(107,345)
Administration	3,381,660	66,250	166,898	0	(3,148,512)	0	(3,148,512)
Fiscal	958,369	17,711	0	0	(940,658)	0	(940,658)
Business	100,463	82	0	0	(100,381)	0	(100,381)
Operation and Maintenance of Plant	4,179,093	67,908	560,691	0	(3,550,494)	0	(3,550,494)
Pupil Transportation	1,871,786	32,594	9,185	0	(1,830,007)	0	(1,830,007)
Central	535,819	7,893	96,007	0	(431,919)	0	(431,919)
Operation of Non-Instructional Services	2,742,823	67,402	2,177,057	0	(498,364)	0	(498,364)
Extracurricular Activities	1,070,052	197,246	55,422	547,551	(269,833)	0	(269,833)
Interest	1,620,409	0	0	0	(1,620,409)	0	(1,620,409)
<i>Total Governmental Activities</i>	46,807,634	989,129	13,242,130	547,551	(32,028,824)	0	(32,028,824)
Business-Type Activities							
Cavalier Athletic Center	129,749	0	0	0	0	(129,749)	(129,749)
<i>Total</i>	<u>\$46,937,383</u>	<u>\$989,129</u>	<u>\$13,242,130</u>	<u>\$547,551</u>	(32,028,824)	(129,749)	(32,158,573)
General Revenues:							
Property Taxes Levied for:							
General Purposes					12,517,410	0	12,517,410
Debt Service					3,301,239	0	3,301,239
Capital Projects					957,088	0	957,088
Payments in Lieu of Taxes					56,987	0	56,987
Grants and Entitlements not Restricted for Specific Programs					17,103,113	0	17,103,113
Gifts and Donations not Restricted to Specific Programs					8,720	0	8,720
Gain on Sale of Assets					9,977	0	9,977
Investment Earnings					918,614	4	918,618
Gain on Termination of Lease					96,029	0	96,029
Miscellaneous					239,609	127,770	367,379
<i>Total General Revenues</i>					<u>35,208,786</u>	<u>127,774</u>	<u>35,336,560</u>
<i>Change in Net Position</i>					3,179,962	(1,975)	3,177,987
<i>Net Position Beginning of Year</i>					11,134,106	(71,365)	11,062,741
<i>Net Position End of Year</i>					<u>\$14,314,068</u>	<u>(\$73,340)</u>	<u>\$14,240,728</u>

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

Chillicothe City School District
Balance Sheet
Governmental Funds
As of June 30, 2024

	General Fund	Debt Service Fund	ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$9,227,369	\$2,134,112	\$249,866	\$5,784,804	\$17,396,151
Cash and Cash Equivalents in Segregated Accounts	0	0	0	1,000	1,000
Accrued Interest Receivable	5,127	0	0	0	5,127
Accounts Receivable	8,949	0	133	10,708	19,790
Interfund Receivable	967,218	0	0	0	967,218
Intergovernmental Receivable	20,259	0	1,198,382	859,448	2,078,089
Taxes Receivable	12,368,660	3,230,763	0	948,413	16,547,836
Restricted Cash and Cash Equivalents	4,805	0	0	0	4,805
<i>Total Assets</i>	<u>\$22,602,387</u>	<u>\$5,364,875</u>	<u>\$1,448,381</u>	<u>\$7,604,373</u>	<u>\$37,020,016</u>
Liabilities:					
Accounts Payable	\$56,526	\$0	\$4,405	\$157,024	\$217,955
Accrued Wages and Benefits	3,024,473	0	572,175	530,039	4,126,687
Interfund Payable	0	0	535,250	393,934	929,184
Intergovernmental Payable	525,907	0	86,551	88,407	700,865
<i>Total Liabilities</i>	3,606,906	0	1,198,381	1,169,404	5,974,691
Deferred Inflows of Resources:					
Property Taxes Not Levied for Current Year Operations	10,181,635	2,582,393	0	772,746	13,536,774
Unavailable Revenue	528,474	151,612	407,181	550,830	1,638,097
<i>Total Deferred Inflows of Resources</i>	10,710,109	2,734,005	407,181	1,323,576	15,174,871
Fund Balances:					
Nonspendable	4,805	0	0	450,000	454,805
Restricted	0	2,630,870	0	4,753,556	7,384,426
Committed	758,596	0	0	181,376	939,972
Assigned	1,299,818	0	0	0	1,299,818
Unassigned (Deficit)	6,222,153	0	(157,181)	(273,539)	5,791,433
<i>Total Fund Balances</i>	<u>8,285,372</u>	<u>2,630,870</u>	<u>(157,181)</u>	<u>5,111,393</u>	<u>15,870,454</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$22,602,387</u>	<u>\$5,364,875</u>	<u>\$1,448,381</u>	<u>\$7,604,373</u>	<u>\$37,020,016</u>

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

Chillicothe City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 As of June 30, 2024*

Total Governmental Fund Balances	\$15,870,454
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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.	68,355,544
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	712,876	
Tuition and Fees	7,965	
Donations	11,825	
Intergovernmental	905,431	
Total	1,638,097	1,638,097

The net pension/OPEB liability (asset) is not due and payable (receivable) in the current period. Therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	7,223,551	
Deferred Outflows-OPEB	1,608,578	
Deferred Inflows-Pension	(1,832,757)	
Deferred Inflows-OPEB	(4,018,526)	
Net Pension Liability	(33,245,390)	
Net OPEB Asset	2,252,192	
Net OPEB Liability	(2,548,779)	
Total	(30,561,131)	(30,561,131)

Long-term liabilities, including bonds and related liabilities, notes, 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.

Accrued Interest Payable	(97,949)	
Compensated Absences	(3,060,590)	
Refunding Bonds	(15,890,000)	
Capital Appreciation Bonds	(1,749,533)	
School Facilities Bonds	(18,680,000)	
Tax Anticipation Notes	(555,000)	
Premiums on Bonds	(2,518,388)	
Premiums on Tax Anticipation Notes	(13,963)	
Total	(42,565,423)	(42,565,423)

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

1,576,527

Net Position of Governmental Activities

\$14,314,068

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

Chillicothe City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General Fund	Debt Service Fund	ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Local Taxes	\$12,468,335	\$3,289,173	\$0	\$953,147	\$16,710,655
Intergovernmental	19,216,341	526,908	5,082,364	5,837,396	30,663,009
Interest	792,646	0	0	27,260	819,906
Increase (Decrease) in Fair Value of Investments	40,938	0	0	(1,980)	38,958
Tuition and Fees	551,528	0	0	0	551,528
Rent	48,747	0	0	0	48,747
Extracurricular Activities	92,503	0	0	182,609	275,112
Gifts and Donations	32,689	0	0	630,451	663,140
Customer Sales and Services	39,549	0	0	89,590	129,139
Payments in Lieu of Taxes	47,525	6,743	0	2,719	56,987
Miscellaneous	273,901	0	0	61,737	335,638
<i>Total Revenues</i>	<u>33,604,702</u>	<u>3,822,824</u>	<u>5,082,364</u>	<u>7,782,929</u>	<u>50,292,819</u>
Expenditures:					
Current:					
Instruction:					
Regular	12,316,210	0	2,445,158	504,969	15,266,337
Special	5,149,249	0	1,102,516	2,122,546	8,374,311
Vocational	86,908	0	0	0	86,908
Other	354,178	0	0	0	354,178
Support Services:					
Pupils	2,316,740	0	306,623	292,315	2,915,678
Instructional Staff	348,288	0	16,425	231,422	596,135
Board of Education	109,687	0	0	0	109,687
Administration	3,126,782	0	132,233	24,541	3,283,556
Fiscal	862,883	61,341	0	18,083	942,307
Business	4,053	0	0	96,410	100,463
Operation and Maintenance of Plant	3,400,119	0	336,018	319,176	4,055,313
Pupil Transportation	1,596,479	0	8,690	0	1,605,169
Central	385,191	0	0	92,260	477,451
Operation of Non-Instructional Services	56,702	0	0	2,592,315	2,649,017
Extracurricular Activities	719,015	0	0	280,492	999,507
Capital Outlay	738,599	0	0	391,386	1,129,985
Debt Service:					
Principal	147,194	2,490,000	0	50,000	2,687,194
Interest	7,359	1,414,800	0	496	1,422,655
<i>Total Expenditures</i>	<u>31,725,636</u>	<u>3,966,141</u>	<u>4,347,663</u>	<u>7,016,411</u>	<u>47,055,851</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,879,066	(143,317)	734,701	766,518	3,236,968
Other Financing Sources (Uses):					
Transfers In	2,500	545,392	0	480,942	1,028,834
Proceeds from Sale of Assets	21,677	0	0	0	21,677
Transfers Out	(645,392)	0	0	(383,442)	(1,028,834)
<i>Total Other Financing Sources (Uses)</i>	<u>(621,215)</u>	<u>545,392</u>	<u>0</u>	<u>97,500</u>	<u>21,677</u>
<i>Net Change in Fund Balances</i>	1,257,851	402,075	734,701	864,018	3,258,645
<i>Fund (Deficit) Balances at Beginning of Year</i>	<u>7,027,521</u>	<u>2,228,795</u>	<u>(891,882)</u>	<u>4,247,375</u>	<u>12,611,809</u>
<i>Fund (Deficit) Balances at End of Year</i>	<u><u>\$8,285,372</u></u>	<u><u>\$2,630,870</u></u>	<u><u>(\$157,181)</u></u>	<u><u>\$5,111,393</u></u>	<u><u>\$15,870,454</u></u>

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

Chillicothe 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, 2024*

Net Change in Fund Balances - Total Governmental Funds \$3,258,645

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount capital asset additions and depreciation/amortization in the current period.

Capital Asset Additions	1,129,985	
Current Year Depreciation and Amortization	(2,873,676)	
Total		(1,743,691)

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. This is the amount of the loss on the disposal of capital assets.

Loss on Disposal of Capital Assets		(317,875)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	65,082	
Customer Sales and Service	(23,362)	
Interest	(229)	
Tuition and Fees	7,965	
Intergovernmental and Donations	(424,635)	
Total		(375,179)

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

Pension	3,014,912	
OPEB	112,451	
Total		3,127,363

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense (gain) in the statement of activities.

Pension	(3,119,073)	
OPEB	276,512	
Total		(2,842,561)

Repayments of bond, note, financed purchase, and lease principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.

2,687,194

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position.

Premium	230,467	
Annual Accretion of Capital Appreciation Bonds	(430,225)	
Total		(199,758)

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.

Increase in Compensated Absences	(397,452)	
Decrease in Interest Payable	2,004	
Total		(395,448)

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 expenses and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(18,728)

Net Change in Net Position of Governmental Activities \$3,179,962

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

Chillicothe City School District
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Revenues:				
Property and Other Local Taxes	\$11,539,161	\$11,878,804	\$11,878,804	\$0
Intergovernmental	19,663,949	19,165,826	19,165,825	(1)
Interest	262,263	721,153	799,344	78,191
Tuition and Fees	527,582	548,599	549,481	882
Rent	50,018	46,247	48,747	2,500
Extracurricular Activities	20,072	20,087	20,212	125
Gifts and Donations	2,129	7,936	7,936	0
Customer Sales and Services	9,959	8,465	8,465	0
Payments in Lieu of Taxes	0	47,525	47,525	0
Miscellaneous	265,474	129,910	130,079	169
<i>Total Revenues</i>	<u>32,340,607</u>	<u>32,574,552</u>	<u>32,656,418</u>	<u>81,866</u>
Expenditures:				
Current:				
Instruction:				
Regular	12,736,455	12,343,323	11,957,848	385,475
Special	3,539,296	5,048,091	4,990,908	57,183
Vocational	27,187	87,313	87,313	0
Student Intervention Services	11,439	7,113	0	7,113
Other	852,130	353,741	353,741	0
Support Services:				
Pupils	1,771,244	2,356,191	2,330,869	25,322
Instructional Staff	569,697	360,716	341,354	19,362
Board of Education	146,073	110,290	110,290	0
Administration	2,821,710	3,091,040	3,075,485	15,555
Fiscal	837,472	863,411	862,641	770
Business	35,494	6,498	4,303	2,195
Operation and Maintenance of Plant	3,468,375	3,455,645	3,444,578	11,067
Pupil Transportation	1,636,766	1,606,233	1,605,731	502
Central	524,526	418,912	418,092	820
Operation of Non-Instructional Services	12,451	53,720	53,720	0
Extracurricular Activities	774,894	725,310	724,253	1,057
Capital Outlay	594,736	1,189,041	764,041	425,000
<i>Total Expenditures</i>	<u>30,359,945</u>	<u>32,076,588</u>	<u>31,125,167</u>	<u>951,421</u>
<i>Excess of Revenues Over Expenditures</i>	1,980,662	497,964	1,531,251	1,033,287
Other Financing Sources (Uses):				
Transfers In	12,356	0	0	0
Advances In	200,000	1,038,723	1,038,723	0
Proceeds from Sale of Capital Assets	0	21,677	21,677	0
Insurance Recoveries	22	0	0	0
Transfers Out	(200,000)	(1,145,392)	(1,145,392)	0
Advances Out	(200,000)	(968,618)	(968,618)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(187,622)</u>	<u>(1,053,610)</u>	<u>(1,053,610)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,793,040	(555,646)	477,641	1,033,287
<i>Fund Balance at Beginning of Year</i>	6,668,787	6,668,787	6,668,787	0
<i>Prior Year Encumbrances Appropriated</i>	<u>976,016</u>	<u>976,016</u>	<u>976,016</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$9,437,843</u>	<u>\$7,089,157</u>	<u>\$8,122,444</u>	<u>\$1,033,287</u>

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

Chillicothe City School District
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budget Basis)
ESSER Fund
For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$5,576,600	\$4,291,030	\$4,291,030	\$0
<i>Total Revenues</i>	<u>5,576,600</u>	<u>4,291,030</u>	<u>4,291,030</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	1,674,030	2,634,100	2,634,100	0
Special	523,862	992,034	992,034	0
Support Services:				
Pupils	303,147	321,670	321,670	0
Instructional Staff	40,424	20,188	20,188	0
Administration	129,866	130,913	130,913	0
Fiscal	3,721	0	0	0
Operation and Maintenance of Plant	308,937	338,908	338,908	0
Pupil Transportation	31,561	9,314	9,314	0
Operation of Non-Instructional Services	60,943	0	0	0
Capital Outlay	515,785	0	0	0
<i>Total Expenditures</i>	<u>3,592,276</u>	<u>4,447,127</u>	<u>4,447,127</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,984,324	(156,097)	(156,097)	0
Other Financing Sources (Uses):				
Advances In	0	535,250	535,250	0
Advances Out	(771,526)	(389,540)	(389,540)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(771,526)</u>	<u>145,710</u>	<u>145,710</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,212,798	(10,387)	(10,387)	0
<i>Fund Balance at Beginning of Year</i>	1,196	1,196	1,196	0
<i>Prior Year Encumbrances Appropriated</i>	<u>9,191</u>	<u>9,191</u>	<u>9,191</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$1,223,185</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

Chillicothe City School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2024

	Nonmajor Enterprise Fund	Governmental Activities Internal Service Fund
Assets:		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$12,625	\$0
Cash and Cash Equivalents with Fiscal Agents	0	2,082,695
<i>Total Current Assets</i>	<u>12,625</u>	<u>2,082,695</u>
<i>Noncurrent Assets:</i>		
Depreciable Capital Assets, net	50,919	0
<i>Total Assets</i>	63,544	2,082,695
Deferred Outflows of Resources:		
Pension	17,613	0
OPEB	35,423	0
<i>Total Deferred Outflows of Resources</i>	53,036	0
Liabilities:		
<i>Current Liabilities:</i>		
Accounts Payable	150	0
Accrued Wages and Benefits	3,392	0
Interfund Payable	38,034	0
Intergovernmental Payable	14,562	0
Claims Payable	0	506,168
<i>Total Current Liabilities</i>	56,138	506,168
<i>Noncurrent Liabilities:</i>		
Net Pension Liability	84,481	0
Net OPEB Liability	26,442	0
<i>Total Noncurrent Liabilities</i>	<u>110,923</u>	<u>0</u>
<i>Total Liabilities</i>	167,061	506,168
Deferred Inflows of Resources:		
Pension	1,179	0
OPEB	21,680	0
<i>Total Deferred Inflows of Resources</i>	22,859	0
Net Position:		
Net Investment in Capital Assets	50,919	0
Unrestricted (Deficit)	(124,259)	1,576,527
<i>Total Net Position</i>	<u>(\$73,340)</u>	<u>\$1,576,527</u>

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

Chillicothe City School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Nonmajor Enterprise Fund	Governmental Activities <u>Internal Service Fund</u>
Operating Revenues:		
Charges for Services	\$0	\$4,146,157
Other	127,770	0
<i>Total Operating Revenues</i>	127,770	4,146,157
Operating Expenses:		
Salaries	41,750	0
Fringe Benefits	30,309	0
Purchased Services	48,449	1,332,506
Materials and Supplies	4,049	0
Depreciation	3,459	0
Claims	0	2,892,358
Other	1,733	0
<i>Total Operating Expenses</i>	129,749	4,224,864
<i>Operating Loss</i>	(1,979)	(78,707)
Nonoperating Revenues:		
Interest	4	59,979
<i>Total Nonoperating Revenues</i>	4	59,979
<i>Net Change in Net Position</i>	(1,975)	(18,728)
<i>Net Position Beginning of Year</i>	(71,365)	1,595,255
<i>Net Position End of Year</i>	<u>(\$73,340)</u>	<u>\$1,576,527</u>

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

Chillicothe City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2024

	Nonmajor Enterprise Fund	Governmental Activities Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash Received for Charges for Services and Sales	\$0	\$4,146,157
Cash Paid for Personal Services	(48,084)	0
Cash Paid for Purchased Services	(48,899)	(1,332,506)
Cash Paid for Supplies and Materials	(4,049)	0
Cash Paid for Other Purposes	(1,733)	0
Cash Paid for Claims	0	(2,990,961)
Other Cash Received	127,770	0
	25,005	(177,310)
<i>Net Cash Flows Provided (Used) by Operating Activities</i>		
Cash Flows from Financing Activities:		
Advance Paid to General Fund	30,721	0
	30,721	0
<i>Net Cash Flows Provided by Financing Activities</i>		
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Assets	(54,378)	0
	(54,378)	0
<i>Net Cash Flows Used by Financing Activities</i>		
Cash Flows from Investing Activities:		
Interest	4	59,979
	4	59,979
<i>Net Cash Flows Provided by Investing Activities</i>		
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	1,352	(117,331)
<i>Cash and Cash Equivalents at Beginning of Year</i>	11,273	2,200,026
<i>Cash and Cash Equivalents at End of Year</i>	\$12,625	\$2,082,695
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Operating Loss	(\$1,979)	(\$78,707)
<i>Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:</i>		
Depreciation	3,459	0
<i>Changes in Assets, Liabilities, and Deferred Inflows/Outflows of Resources:</i>		
Decrease in Accounts Payable	(450)	0
Increase in Accrued Wages and Benefits	229	0
Increase in Intergovernmental Payable	174	0
Decrease in Claims Payable	0	(98,603)
Increase in Deferred Outflows of Resources	16,271	0
Decrease in Deferred Inflows of Resources	(3,836)	0
Increase in Net Pension Liability	6,076	0
Increase in Net OPEB Liability	5,061	0
	\$25,005	(\$177,310)
<i>Net Cash Provided (Used) by Operating Activities</i>		

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

Chillicothe City School District
Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2024

	Custodial Fund
Assets:	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	\$177,950
Accounts Receivable	47,436
<i>Total Current Assets</i>	225,386
<i>Total Assets</i>	225,386
Liabilities:	
<i>Current Liabilities:</i>	
Accrued Wages and Benefits	3,400
Intergovernmental Payable	38
<i>Total Current Liabilities</i>	3,438
<i>Total Liabilities</i>	3,438
Net Position:	
Restricted for Individuals, Organizations and Other Governments	221,948
<i>Total Net Position</i>	\$221,948

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

Chillicothe City School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2024

	Custodial Fund
Additions:	
Amounts Received as Fiscal Agent	\$335,718
<i>Total Additions</i>	335,718
Deductions:	
Distributions as Fiscal Agent	275,917
<i>Total Deductions</i>	275,917
<i>Net Change in Net Position</i>	59,801
<i>Net Position Beginning of Year</i>	162,147
<i>Net Position End of Year</i>	\$221,948

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Chillicothe 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/or federal guidelines.

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 225 non-certified employees, 208 certificated full-time teaching personnel and 17 administrative employees who provide services to 2,591 students and other community members. The School District currently operates five instructional buildings, one administrative building, one maintenance building, one bus garage, and an athletic center.

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 Chillicothe City School District, this includes general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; (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. Based on the foregoing, the School District does not have any component units requiring reporting.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Parent Teacher Organizations
- Ross-Pike Educational Service District
- City of Chillicothe

The following activities are included within the reporting entity:

Bishop Flaget Parochial School-Within the School District boundaries, the Bishop Flaget Parochial School, a school that provides classes for kindergarten through eighth grade, is operated through the Columbus Catholic Diocese. 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. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

The School District is associated with four organizations, two of which are defined as jointly governed organizations, one as a public entities risk pool, and one as an insurance purchasing pool. These organizations are META Solutions, Pickaway-Ross Career and Technology Center, Jefferson Health Plan, and Schools of Ohio Risk Sharing Authority. These organizations are presented in note 15 of the notes to the basic financial statements.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Basis of Presentation-Fund Accounting

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts. The funds of the School District are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose 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, liabilities, and deferred inflows/outflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Elementary and Secondary School Emergency Relief (ESSER) Fund

The ESSER fund is a special revenue fund used to account for emergency relief grants to school districts related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

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

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 either enterprise or internal service.

Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The School District's nonmajor enterprise fund is used to account for activity of the Cavalier Athletic Center.

Internal Service Funds

Internal service funds 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 School District's internal service fund accounts for the self-insurance program for employee medical claims.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund is a custodial fund which is used to account for activity of the Ross County Family and Children First Council, for which the School District acts as fiscal agent. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Basis of Presentation and Measurement Focus

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the financial condition of governmental activities and business-type activities of the School District at 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 and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds 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 in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by fund type.

Measurement Focus

Government-wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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.

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, current liabilities, and certain deferred inflows/outflows 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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in 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 are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet 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. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits. These items are further explained in notes 10 and 11.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represents 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. For the School District, deferred inflows of resources included property taxes, pension, other post-employment benefits, and unavailable revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Unavailable revenue is reported only on the governmental fund balance sheet and represents grants and entitlements, tuition and fees, and donations not received within the available period and delinquent property taxes due at June 30, 2024. Deferred inflows of resources related to pension and other post-employment benefits are reported on the government-wide statement of net position and are further explained 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, except for (1) principal and interest on general long-term debt obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave, which are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Budgets

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District 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 final amended certificate issued during the fiscal year.

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

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a restriction, commitment, or assignment on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as restricted, committed, or assigned fund balance for subsequent year expenditures for governmental funds. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

Cash and Cash Equivalents

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

During fiscal year 2024, investments were limited to money market accounts, negotiable certificates of deposit, U.S. government agency securities, commercial paper, and STAR Ohio. 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.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced notice 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, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. 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 during fiscal year 2024 amounted to \$792,646. Nonmajor Governmental Funds, the Internal Service Fund, and the Nonmajor Enterprise Fund earned interest revenue of \$27,260, \$59,979, and \$4, respectively. The School District also experienced increases (decreases) in fair value of investments of \$40,938 in the General Fund and (\$1,980) in Nonmajor Governmental Funds.

Capital Assets and Depreciation/Amortization

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 years
Building and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	4-8 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 Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Vacation and personal leave 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 its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as 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 employee will be paid. The School District did not have any matured compensated absences as of June 30, 2024.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds, notes, financed purchases, and leases are recognized as a liability on the government-wide financial statements when due.

Interfund Transactions

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

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to use by grantors.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the School District's restricted net position is restricted by enabling legislation.

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. It also includes the long-term amount of loans

Chillicothe City School District
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For the Fiscal Year Ended June 30, 2024

receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – 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 – This fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District’s Board of Education. Those committed amounts cannot be used for any other purpose unless the School District’s 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. In the General Fund, assigned amounts would represent intended uses established by the School District’s Board of Education.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the nonmajor governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the interest accrued during the fiscal year. Bond premiums and the interest on the capital appreciation bonds are presented as a reduction/addition of the face amount of the bonds payable. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

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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 (gain), 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.

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District's Enterprise Fund, these revenues are membership fees, advertising, tournament fees, and other charges. For the Internal Service Fund, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 3-ACCOUNTABILITY

At June 30, 2024, the ESSER major fund had a deficit fund balance in the amount of \$157,181, while the Public School Preschool, Miscellaneous State Grants, Title VI-B, Title I – School Improvement, Title I, Drug Free Schools, and Title VI-R Nonmajor Special Revenue Funds had deficit fund balances of \$1,500, \$3,951, \$143,644, \$234, \$87,388, \$30,267, and \$6,555, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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 statements of revenues, expenditures and changes in fund balance – budget and actual – (budget basis) for the General Fund and ESSER Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget 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 a restriction, commitment, or assignment of fund balance.
4. In accordance with generally accepted accounting principles, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the entire Rotary Fund and Termination Benefits Fund and a portion of the Public School Support Fund.

Chillicothe City School District
Notes to the Basic Financial Statements
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The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary bases for the General Fund and the ESSER Fund.

	General	ESSER
GAAP Basis	\$1,257,851	\$734,701
Revenue and Other		
Financing Sources Accruals	278,195	(256,084)
Expenditures and Other		
Financing Uses Accruals	(289,212)	(239,120)
Encumbrances	(266,203)	(249,884)
(Excess) Deficit of Funds Combined with		
General Fund for Reporting Purposes	(502,990)	0
Budget Basis	\$477,641	(\$10,387)

NOTE 5-DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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;

Chillicothe City School District
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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.

At June 30, 2024, the School District's self-insurance internal service fund had a balance of \$2,082,695 with the Jefferson Health Plan, a claims servicing pool (see note 9). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

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, 2024, the School District's bank balance of \$1,433,207 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.

Chillicothe City School District
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For the Fiscal Year Ended June 30, 2024

Investments

As of June 30, 2024, the School District had the following investments and maturities.

Investment Type	Fair Value	Less than 1 Year	1-2 Years	3-5 Years	% of Total	Credit Rating (S&P)
Money Market Funds	\$757,447	\$757,447	\$0	\$0	4.66%	AAAm
Federal Home Loan Bank	734,163	321,048	144,770	268,345	4.51%	AA+
Negotiable Certificates of Deposit	1,247,616	1,052,588	195,028	0	7.67%	N/A
Commercial Paper	1,577,899	1,577,899	0	0	9.70%	A-1
Federal Farm Credit Bank	313,400	192,546	0	120,854	1.93%	AA+
Federal National Mortgage Association	380,276	0	380,276	0	2.34%	AA+
STAR Ohio	11,253,529	11,253,529	0	0	69.19%	AAAm
Total	\$16,264,330	\$15,155,057	\$720,074	\$389,199	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. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2024. The money market fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). As discussed further in note 2, STAR Ohio is reported at its share price. All other investments are measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk. As a means to limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District’s investment policy requires that investment portfolio maturities are limited to five years or less.

Credit Risk. The School District’s investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The negotiable certificates of deposit are not rated but are covered by FDIC as described in the deposits section above.

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. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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 places no limit on the amount that may be invested in any one issuer.

NOTE 6-PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District 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 a new fiscal year.

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Notes to the Basic Financial Statements
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Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, 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 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected in 2024 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which fiscal year 2024 taxes were collected are:

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$486,080,800	91.16%	\$487,492,350	90.98%
Public Utility	47,132,280	8.84%	48,346,880	9.02%
Total Assessed Value	\$533,213,080	100.00%	\$535,839,230	100.00%
 Tax Rate per \$1,000 of Assessed Valuation	\$52.40		\$52.40	

The School District receives property taxes from Ross 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, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2024. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2024, was \$1,667,500 in the General Fund, \$496,758 in the Debt Service Fund and \$133,928 in the Permanent Improvement Fund.

On a full 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.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7-RECEIVABLES

Receivables at June 30, 2024, consisted of property taxes, accounts (rent, tuition and student fees), interest, interfund, and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables is as follows:

<i>Major Funds:</i>	
General	\$20,259
ESSER	1,198,382
 <i>Nonmajor Special Revenue Funds:</i>	
Lunchroom	30,676
Miscellaneous State	5,791
IDEA Early Childhood	156,444
School Improvement	63,164
Title I	485,592
Drug Free	37,860
Early Childhood Special Ed	2,187
Title II-A	47,637
Miscellaneous Federal	30,097
<i>Total Nonmajor Funds</i>	859,448
<i>Total All Funds</i>	\$2,078,089

NOTE 8-CAPITAL ASSETS

Capital assets activity of the fiscal year ended June 30, 2024 was as follows:

	Ending Balance 6/30/23	Additions	Deletions	Ending Balance 6/30/24
Governmental Activities:				
Capital Assets, Not Being Depreciated/Amortized				
Land	\$607,140	\$0	\$0	\$607,140
Total Capital Assets, Not Being Depreciated/Amortized	607,140	0	0	607,140
Capital Assets Being Depreciated/Amortized				
Land Improvements	2,048,899	0	0	2,048,899
Buildings and Improvements	93,052,270	751,606	(337,837)	93,466,039
Furniture and Equipment	5,078,151	378,379	(486,186)	4,970,344
Vehicles	3,302,702	0	(304,731)	2,997,971
Intangible Right to Use Leased Asset	251,340	0	0	251,340
Total Capital Assets, Being Depreciated/Amortized	103,733,362	1,129,985	(1,128,754)	103,734,593
Less Accumulated Depreciation/Amortization				
Land Improvements	(970,965)	(70,191)	0	(1,041,156)
Buildings and Improvements	(27,191,816)	(2,211,411)	170,734	(29,232,493)
Furniture and Equipment	(3,449,329)	(308,158)	356,268	(3,401,219)
Vehicles	(2,199,705)	(233,093)	283,877	(2,148,921)
Intangible Right to Use Leased Asset	(111,577)	(50,823)	0	(162,400)
Total Accumulated Depreciation/Amortization	(33,923,392)	(2,873,676)	810,879	(35,986,189)
Total Capital Assets Being Depreciated/Amortized, Net	69,809,970	(1,743,691)	(317,875)	67,748,404
Governmental Activities Capital Assets, Net	\$70,417,110	(\$1,743,691)	(\$317,875)	\$68,355,544

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Of the current year depreciation and amortization total of \$2,873,676, \$50,823 is presented as various expenses on the Statement of Activities related to the School District’s intangible asset of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, “Leases”, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Depreciation and amortization expenses were charged to the governmental functions as follows:

Instruction:	
Regular	\$2,347,078
Special	4,097
Vocational	3,629
Support Services:	
Instructional Staff	16,847
Administration	5,979
Fiscal	2,763
Operation and Maintenance of Plant	111,818
Pupil Transportation	253,480
Central	9,239
Operation of Non-Instrumental Services	66,177
Extracurricular Activities	52,569
Total Depreciation Expense and Amortization	\$2,873,676

	Ending Balance 6/30/23	Additions	Deletions	Ending Balance 6/30/24
Business-Type Activities:				
Capital Assets Being Depreciated:				
Furniture and Equipment	\$0	\$54,378	\$0	\$54,378
Total Capital Assets, Being Depreciated	0	54,378	0	54,378
Less Accumulated Depreciation				
Furniture and Equipment	0	(3,459)	0	(3,459)
Total Accumulated Depreciation	0	(3,459)	0	(3,459)
Total Capital Assets Being Depreciated, Net	0	50,919	0	50,919
Business-Type Activities Capital Assets, Net	\$0	\$50,919	\$0	\$50,919

NOTE 9-RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with Schools of Ohio Risk Sharing Authority for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

<i>General Liability:</i>	
General Aggregate Limit	\$17,000,000
Each Occurrence	15,000,000

<i>Employers Stop Gap Liability:</i>	
Bodily Injury by Accident – Each Occurrence	15,000,000
Bodily Injury by Disease – Each Employee	15,000,000
Bodily Injury by Disease – Policy Limit	15,000,000

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<i>Educators Liability (\$10,000 Deductible):</i>	
Wrongful Act Aggregate Limit	\$15,000,000
Wrongful Act Each Occurrence	15,000,000
Employee Benefits Liability	15,000,000
 <i>Automobile Liability:</i>	
Bodily Injury and Property Damage – Each Occurrence	15,000,000
Uninsured/Underinsured Motorist Aggregate Limit	1,000,000
 <i>Automobile Physical Damage (\$500 Deductible):</i>	
Each Occurrence	Actual Cash Value
 <i>Property Insurance:</i>	
Building/Contents (\$5,000 Deductible)	350,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District had no significant reductions in coverage from the prior year.

The School District pays the State Workers’ Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The School District did not qualify for a Group Rating Plan due to prior claims. Participation in a GRP is limited to school districts that can meet the GRP’s selection criteria.

Employee Benefits

The School District provides dental insurance through Trustmark, vision insurance through Vision Service Plan, life insurance through the Metropolitan Educational Council, and supplemental life insurance through Grady Enterprises.

Medical insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of 95 school districts within the State, in which monthly premiums for the cost of claims are remitted to the fiscal agent, Jefferson Health Plan, who in turn pays the claims on the School District’s behalf. The claims liability of \$506,168 reported in the internal service fund at June 30, 2024 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 in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2024	\$604,771	\$2,892,358	\$2,990,961	\$506,168
2023	682,371	2,817,871	2,895,471	604,771

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 obligation to sacrifice resources for pension/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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 health care 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.

Chillicothe City School District
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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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contributions to SERS were \$972,247 for fiscal year 2024. Of this amount, \$158,564 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

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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, a one-time 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. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E), the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

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 11.09 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 2.91 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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contributions to STRS were \$2,052,387 for fiscal year 2024. Of this amount, \$387,772 is reported as an intergovernmental payable.

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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, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.15187630%	0.115802160%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.14392120%</u>	<u>0.114975580%</u>	
Change in Proportionate Share	<u>0.00795510%</u>	<u>0.000826580%</u>	
Proportionate Share of the Net			
Pension Liability	\$8,391,948	\$24,937,923	\$33,329,871
Pension Expense	\$2,157,193	\$991,344	\$3,148,537

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$360,701	\$909,187	\$1,269,888
Changes of assumptions	59,445	2,053,775	2,113,220
Changes in proportion and differences between School District contributions and proportionate share of contributions	368,864	464,558	833,422
School District contributions subsequent to the measurement date	<u>972,247</u>	<u>2,052,387</u>	<u>3,024,634</u>
Total Deferred Outflows of Resources	<u>\$1,761,257</u>	<u>\$5,479,907</u>	<u>\$7,241,164</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$55,336	\$55,336
Changes of assumptions	0	1,545,902	1,545,902
Net difference between projected and actual earnings on pension plan investments	117,954	74,741	192,695
Changes in proportion and differences between School District contributions and proportionate share of contributions	<u>0</u>	<u>40,003</u>	<u>40,003</u>
Total Deferred Inflows of Resources	<u>\$117,954</u>	<u>\$1,715,982</u>	<u>\$1,833,936</u>

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\$3,024,634 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (gain) as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$277,371	(\$9,269)	\$268,102
2026	(222,030)	(611,011)	(833,041)
2027	609,465	2,471,285	3,080,750
2028	6,250	(139,467)	(133,217)
Total	\$671,056	\$1,711,538	\$2,382,594

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. Future benefits for all current plan members were projected through 2137.

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, 2023, are presented below:

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 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

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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. As of June 30, 2023:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Estate/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	<u>100.00%</u>	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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	\$12,386,086	\$8,391,948	\$5,027,647

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023 actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	From 2.50 percent to 8.50 percent based on service
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)	0.00 percent, effective July 1, 2017

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.

Actuarial assumptions used in the June 30, 2023, 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:

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

*Final target weights reflected at October 1, 2022.

**10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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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	\$38,349,006	\$24,937,923	\$13,595,817

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

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

The health care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS’ participation in Medicare programs. The System’s goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the health care fund on a pay-as-you-go basis.

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 2024, 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

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amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. 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 2024, the School District’s surcharge obligation was \$113,587.

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 \$113,587 for fiscal year 2024. Of this amount, \$113,587 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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. 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, 2024, 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, 2023, 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	0.15631600%	0.115802160%	
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.14736890%	0.114975580%	
Change in Proportionate Share	0.00894710%	0.000826580%	
Proportionate Share of the Net			
OPEB Liability	\$2,575,221	\$0	\$2,575,221
Proportionate Share of the Net			
OPEB Asset	\$0	(\$2,252,192)	(\$2,252,192)
OPEB Expense (Gain)	(\$144,980)	(\$126,566)	(\$271,546)

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At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$5,365	\$3,511	\$8,876
Changes of assumptions	870,757	331,781	1,202,538
Net difference between projected and actual earnings on pension plan investments	19,957	4,017	23,974
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	294,777	249	295,026
School District contributions subsequent to the measurement date	<u>113,587</u>	<u>0</u>	<u>113,587</u>
Total Deferred Outflows of Resources	<u>\$1,304,443</u>	<u>\$339,558</u>	<u>\$1,644,001</u>
 <i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$1,328,138	\$343,510	\$1,671,648
Changes of assumptions	731,387	1,485,964	2,217,351
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>131,278</u>	<u>19,929</u>	<u>151,207</u>
Total Deferred Inflows of Resources	<u>\$2,190,803</u>	<u>\$1,849,403</u>	<u>\$4,040,206</u>

\$113,587 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense (gain) as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	(\$381,174)	(\$670,115)	(\$1,051,289)
2026	(339,055)	(307,924)	(646,979)
2027	(197,553)	(116,840)	(314,393)
2028	(103,382)	(158,134)	(261,516)
2029	(54,856)	(144,974)	(199,830)
Thereafter	<u>76,073</u>	<u>(111,858)</u>	<u>(35,785)</u>
Total	<u>(\$999,947)</u>	<u>(\$1,509,845)</u>	<u>(\$2,509,792)</u>

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

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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, 2023, are presented below:

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate:	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption:	
Measurement Date	6.75 percent to 4.40 percent
Prior Measurement Date	7.00 percent 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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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 on April 15, 2021.

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Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) 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 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 long-term expected nominal rate of return has been determined by calculating a 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. As of June 30, 2023:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00%	0.75%
US Equity	24.75%	4.82%
Non-US Equity Developed	13.50%	5.19%
Non-US Equity Emerging	6.75%	5.98%
Fixed Income/Global Bonds	19.00%	2.24%
Private Equity	12.00%	7.49%
Real Assets/Real Assets	17.00%	3.70%
Private Debt/Private Credit	5.00%	5.64%
Total	100.00%	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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 be depleted in 2048 by SERS’ actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, 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 was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

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	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$3,291,868	\$2,575,221	\$2,010,114

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,891,925	\$2,575,221	\$3,480,679

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023 actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 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	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate	7.50 percent initial, 3.94 percent ultimate
Medicare	-10.94 percent initial, 4.14 percent ultimate	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug:		
Pre-Medicare	-11.95 percent initial, 4.14 percent ultimate	9.00 percent initial, 3.94 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate	-5.47 percent initial, 3.94 percent ultimate

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

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.

Actuarial assumptions used in the June 30, 2023, 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:

Chillicothe City School District
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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 %	

*Final target weights reflected at 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 as of June 30, 2023. 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, 2023. 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, 2023.

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, 2023, 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	(\$1,906,186)	(\$2,252,192)	(\$2,553,527)
		Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,567,510)	(\$2,252,192)	(\$1,872,397)

NOTE 12-EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five 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.

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Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for administrators, 270 days for teachers/certified staff, and 266 for classified supervisors and staff. Upon retirement, payment is made to teachers at a rate of 35% of the accrued 270 days, but unused sick leave credit to a maximum number of 94.50 days. The calculations change depending on the years of service with the board and number of maximum days for teachers/certified staff. Certified administrators receive 28% of accrued 270 days (75.60 days) and classified supervisors receive 28% of accrued 266 days for a maximum of (74.48 days). This excludes the Superintendent and Treasurer. They have individual contracts. Payments to classified staff who retire is 40 percent of accrued sick leave up to 220 days for a maximum 88 days paid. Payments to classified staff who separate from service for reasons other than retirement (except discharge for just cause) is 25 percent of accrued sick leave up to a maximum of 55 days.

Insurance

The School District provides medical insurance through the Jefferson Health Plan (see note 9), dental insurance through Trustmark, vision insurance through Vision Service Plan, life insurance through the Metropolitan Educational Council, and supplemental life insurance through Grady Enterprises.

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.

Attendance Bonus for Classified Employees

Absences from work are counted from July 1 through June 30 each year. Classified employees may be eligible for an “attendance bonus” for not using days for sick or personal leave. This is payable on the second pay in June of the same fiscal year.

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Chillicothe City School District
Notes to the Basic Financial Statements
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NOTE 13-LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Outstanding 6/30/23	Additions	Deductions	Outstanding 6/30/24	Amounts Due within One Year
<i>Governmental Activities:</i>					
2007 Construction Capital Appreciation Bonds 17.7712-17.8754%	\$195,000	\$0	(\$105,000)	\$90,000	\$90,000
Accretion of Capital Appreciation Bonds	3,029,308	430,225	(1,800,000)	1,659,533	1,659,533
2016 School Facilities Bonds:					
Series 2016A	10,540,000	0	(275,000)	10,265,000	285,000
Series 2016A Premium	407,891	0	(13,229)	394,662	0
Series 2016B	8,465,000	0	(50,000)	8,415,000	50,000
Series 2016B Premium	726,530	0	(36,478)	690,052	0
2016 Refunding Bonds	15,890,000	0	0	15,890,000	0
2016 Refunding Bonds Premium	1,607,452	0	(173,778)	1,433,674	0
Total General Obligation Bonds	40,861,181	430,225	(2,453,485)	38,837,921	2,084,533
Anticipation Notes:					
2016 PI TANs	815,000	0	(260,000)	555,000	270,000
2016 PI TANs Premium	20,945	0	(6,982)	13,963	0
Total Anticipation Notes	835,945	0	(266,982)	568,963	270,000
Financed Purchases	50,000	0	(50,000)	0	0
Leases Payable	147,194	0	(147,194)	0	0
Compensated Absences	2,663,138	835,760	(438,308)	3,060,590	263,052
Net Pension Liability	33,265,189	0	(19,799)	33,245,390	0
Net OPEB Liability	2,047,694	501,085	0	2,548,779	0
Total Governmental Activities Long-Term Obligations	\$79,870,341	\$1,767,070	(\$3,375,768)	\$78,261,643	\$2,617,585

General Obligations Bonds

2007 Refunding Obligation Bonds – On December 13, 2006, the School District issued \$29,717,026 in general obligation refunding bonds with interest rates from 4 to 4.125 percent, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$6,905,000, \$20,695,000 and \$320,000, respectively. For 2024, \$430,225 was accreted and \$1,905,000 was repaid for a total bond value of \$1,749,533, which includes accretion of \$1,659,533. The remaining capital appreciation bonds will mature in fiscal year 2025. The maturity of the remaining bonds is \$1,905,000. The bonds will be paid from the Debt Service Fund from tax revenue with the remaining balance of the serial and term bonds refunded in fiscal year 2017 with the 2016 refunding bonds.

School Facilities Construction and Improvement Bonds, Series 2016A and B – During May 2016, the School District issued general obligation bonds in the amounts of \$12,650,000 and \$8,815,000, respectively, for the purpose of repaying bond anticipation notes that were issued for the purpose of constructing and renovating school facilities and locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission and to provide for furnishing, equipping, and improving these facilities. These bonds were issued with

Chillicothe City School District
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interest rates ranging from 1 to 4 percent and maturity dates of December 1, 2053, and December 1, 2042, respectively. Series A bonds include serial and term bonds in the amounts of \$2,670,000 and \$9,980,000, respectively. Series B bonds include serial and term bonds in the amounts of \$7,815,000 and \$1,000,000, respectively. The bonds will be paid from the Debt Service Fund.

The Series A term bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2025	\$5,000
2026	5,000
2027	5,000
2028	5,000
2029	5,000
2030	5,000
2031	5,000
2032	5,000
2033	5,000
2034	5,000
2035	5,000

The remaining principal amount of the term bonds (\$5,000) will be paid at stated maturity on December 1, 2036.

The Series A term bonds maturing on December 1, 2046 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2037	\$5,000
2038	5,000
2039	10,000
2040	10,000
2041	10,000
2042	315,000
2043	695,000
2044	730,000
2045	765,000

The remaining principal amount of the term bonds (\$805,000) will be paid at stated maturity on December 1, 2046.

The Series A term bonds maturing on December 1, 2053, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2047	\$845,000
2048	875,000
2049	905,000
2050	935,000
2051	970,000
2052	1,000,000

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The remaining principal amount of the term bonds (\$1,040,000) will be paid at stated maturity on December 1, 2053.

The Series B term bonds maturing on December 1, 2042, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2041	\$640,000

The remaining principal amount of the term bonds (\$360,000) will be paid at stated maturity on December 1, 2042.

2016 Refunding Bonds – During September 2016, the School District issued general obligation bonds in the amount of \$23,385,000 for the purpose of currently refunding a portion of the School District’s 2007 Refunding Obligations Bonds. The School District decreased its total debt service payments by \$3,673,617 as a result of this refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$3,071,265 and incurred an accounting gain of \$78,083 (difference between reacquisition price and net carrying amount of old debt). These bonds were issued with interest rates ranging from 2 to 5 percent and maturity dates of December 1, 2032. The bonds will be paid from the Debt Service Fund.

Anticipation Notes – During August 2016, the School District issued permanent improvement tax anticipation notes (TANs) in the amount of \$2,500,000. These TANs were issued in anticipation of the collection of the proceeds of the two and five-tenths (2.5) mill continuing permanent improvement levy approved by electors of the School District on March 2, 2004 for the purpose of funding general, ongoing permanent improvements. These TANs were issued with interest rates ranging from 1 percent to 4 percent and a maturity date of December 1, 2025.

Principal and interest requirements to retire general obligation debt at June 30, 2024 are as follows:

<u>Fiscal Year Ending</u>	<u>2016 Refunding Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$0	\$652,700
2026	1,710,000	652,700
2027	1,795,000	567,200
2028	1,870,000	495,400
2029	1,945,000	420,600
2030-2033	8,570,000	873,600
Totals	<u>\$15,890,000</u>	<u>\$3,662,200</u>

<u>Fiscal Year Ending</u>	<u>General Obligation Bonds</u> <u>2007 Capital Appreciation</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$90,000	\$1,815,000
Totals	<u>\$90,000</u>	<u>\$1,815,000</u>

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Fiscal Year Ending	2016 School Facilities Construction and Improvement			
	Bonds		2016 PI TANS	
	Principal	Interest	Principal	Interest
2025	\$335,000	\$722,500	\$270,000	\$22,200
2026	350,000	711,050	285,000	11,400
2027	360,000	698,625	0	0
2028	375,000	683,975	0	0
2029	390,000	668,725	0	0
2030-2034	2,160,000	3,127,725	0	0
2035-2039	2,620,000	2,660,925	0	0
2040-2044	3,220,000	2,091,500	0	0
2045-2049	4,020,000	1,266,325	0	0
2050-2054	4,850,000	436,100	0	0
Totals	\$18,680,000	\$13,067,450	\$555,000	\$33,600

Financed Purchase Agreements

During a previous fiscal year, the School District entered into financed purchases for copier equipment and to finance the purchase of property, improvements, and equipment. 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 are reflected as debt service expenditures in the fund financial statements. Principal payments made during fiscal year 2024 totaled \$50,000 from the Permanent Improvement Capital Projects Fund and paid this financed purchase agreement in full.

Leases 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 leases thus requiring them 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 were made from the general fund and other nonmajor governmental funds. The leases payable was paid in full during the fiscal year.

Compensated absences payable will be paid from the funds in which the employees were paid, with the most significant being the General Fund. 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 \$16,196,401 and the unvoted debt margin was \$535,839 at June 30, 2024.

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NOTE 14-INTERFUND ACTIVITY

Transfers

For the year ended June 30, 2024, the School District had the following interfund transactions:

Fund	Transfers In	Transfers Out
<i>Major Funds:</i>		
General Fund	\$2,500	\$645,392
Debt Service Fund	545,392	0
<i>Nonmajor Governmental Funds:</i>		
Trust Endowments	200	0
Classroom Facilities Maintenance	380,742	0
Permanent Improvement Fund	100,000	380,742
Student Managed Activities	0	2,700
Total Nonmajor Governmental Funds	<u>480,942</u>	<u>383,442</u>
Total All Funds	<u>\$1,028,834</u>	<u>\$1,028,834</u>

During the year, the School District's Permanent Improvement Fund transferred funds to Classroom Facilities Maintenance Fund to provide funds for facilities maintenance plan associated with the OFCC project. The Student Managed Activities Fund provided funds to the Trust Endowment and General Funds for scholarship purposes. The General Fund provided funds to the Debt Service Fund to fund debt payments and to various nonmajor governmental funds to subsidize operations.

Interfund Receivables/Payables

As of June 30, 2024, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payables
<i>Major Funds:</i>		
General Fund	\$967,218	\$0
ESSER Fund	0	535,250
<i>Nonmajor Governmental Funds:</i>		
VI-B Special Education	0	12,807
School Improvement Grant	0	62,929
Title I	0	212,675
Drug Free	0	26,870
Early Childhood Special Education	0	2,029
Title VI-R	0	17,862
Miscellaneous Federal Grants	0	1,066
District Managed Activities	0	57,696
Total Nonmajor Governmental Funds	<u>0</u>	<u>393,934</u>
<i>Nonmajor Enterprise Fund:</i>		
Cavalier Athletic Center	0	38,034
Total All Funds	<u>\$967,218</u>	<u>\$967,218</u>

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During the year, the School District's General Fund made advances to other governmental funds in anticipation of intergovernmental grant revenue and to business-type activity funds in anticipation of miscellaneous revenue.

NOTE 15-JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK AND INSURANCE PURCHASING POOLS

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, an 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 \$363,447 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.

Pickaway-Ross Career and Technology Center – The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various elected city and county school boards within Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Todd Stahr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Public Entity Risk Pool

Jefferson Health Plan – The School District participates in the Jefferson Health Plan (the Plan), a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the Plan's assembly. The Plan's business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The Plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants.

All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third-party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

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For the Fiscal Year Ended June 30, 2024

Jefferson County Educational Service Center serves as fiscal agent. To obtain financial information write to the Center, at 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Insurance Purchasing Pool

Schools of Ohio Risk Sharing Authority Board – The School District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA’s business affairs are conducted by a nine-member Board of Directors consisting of a President, Vice President, Secretary, Treasurer, and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the School District’s property and persons. It is intended to provide liability and property insurance at reduced premiums for the participants. The School District pays an annual premium to SORSA for this coverage. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

NOTE 16-SET-ASIDE CALCULATIONS/FUND BALANCE RESTRICTIONS

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

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

	Capital Acquisition
Set Aside Balance as of June 30, 2023	\$0
Current Year Set Aside Requirement	565,348
Current Year Qualifying Expenditures	(565,348)
Total	\$0
Balance Carried Forward to Fiscal Year 2025	\$0
Set-Aside Balance June 30, 2024	\$0

The carryover amount in the capital acquisition set-aside is limited to the qualifying expenditures or the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$18,027,818 as of June 30, 2024.

Chillicothe City School District
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For the Fiscal Year Ended June 30, 2024

NOTE 17-FUND BALANCES

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

	General Fund	Debt Service Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Library Purposes	\$0	\$0	\$0	\$450,000	\$450,000
Unclaimed Monies	4,805	0	0	0	4,805
Total Nonspendable	4,805	0	0	450,000	454,805
<i>Restricted for</i>					
Capital Projects and Maintenance	0	0	0	3,733,715	3,733,715
Other Purposes	0	0	0	892,509	892,509
Student Managed Activities	0	0	0	127,332	127,332
Debt Service	0	2,630,870	0	0	2,630,870
Total Restricted	0	2,630,870	0	4,753,556	7,384,426
<i>Committed for</i>					
Services and Supplies	25,442	0	0	181,376	206,818
Termination Benefits	733,154	0	0	0	733,154
Total Committed	758,596	0	0	181,376	939,972
<i>Assigned to</i>					
Future Purchases	1,035,329	0	0	0	1,035,329
Student and Staff Support	76,987	0	0	0	76,987
Services and Supplies	187,502	0	0	0	187,502
Total Assigned	1,299,818	0	0	0	1,299,818
<i>Unassigned (Deficit)</i>	6,222,153	0	(157,181)	(273,539)	5,791,433
<i>Total Fund Balances</i>	\$8,285,372	\$2,630,870	(\$157,181)	\$5,111,393	\$15,870,454

NOTE 18 – 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, 2024, if applicable, cannot be determined at this time.

Chillicothe City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Litigation

The School District is not currently party to legal proceedings.

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 and Workforce (DEW) 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. Additional DEW adjustments for fiscal year 2024 have been finalized. These adjustments were not significant.

NOTE 19 – COMMITMENTS

Encumbrances

At June 30, 2024, the School District had significant encumbrance commitments in governmental funds as follows:

<i>Major Funds</i>	
General	\$270,075
ESSER	249,884
<i>Nonmajor Funds</i>	
Permanent Improvement	499,421
Title I	160,883
Miscellaneous Federal Grants	62,311

Contractual Commitments

At June 30, 2024, the School District had a contract outstanding with Fieldturf USA, Inc. in the amount of \$492,954 for the replacement of field turf at the Obadiah Harris Family Athletic Complex. No payments have been made on this contract as of fiscal year end.

Note 20 – SUBSEQUENT EVENT

On September 5, 2024, the School District issued Refunding Bonds in the amount of \$23,835,000. The Bonds were issued at a 5% interest rate and will mature in fiscal year 2047.

Chillicothe City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>										
School District's proportion of the net pension liability	0.10857377%	0.11320302%	0.11495518%	0.11323341%	0.11232366%	0.10889470%	0.10865628%	0.109403642%	0.114975580%	0.115802160%
School District's proportionate share of the net pension liability	\$26,408,898	\$31,286,004	\$38,478,964	\$26,898,839	\$24,697,451	\$24,081,408	\$26,290,954	\$13,988,239	\$25,559,216	\$24,937,923
School District's covered payroll	\$10,683,146	\$10,995,771	\$13,174,171	\$13,237,257	\$12,532,043	\$12,837,271	\$13,293,436	\$12,988,550	\$14,519,100	\$14,957,621
School District's proportionate share of the net pension liability as a percentage of its covered payroll	247.2%	284.5%	292.1%	203.2%	197.1%	187.6%	197.8%	107.7%	176.0%	166.7%
Plan fiduciary net position as a percentage of the total pension liability	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%	80.0%
<i>School Employees Retirement System</i>										
School District's proportion of the net pension liability	0.11587900%	0.12520490%	0.13317600%	0.13309090%	0.14172080%	0.14252540%	0.13885580%	0.13800710%	0.14392120%	0.15187630%
School District's proportionate share of the net pension liability	\$5,864,570	\$7,144,312	\$9,747,254	\$7,951,887	\$8,116,613	\$8,527,545	\$9,184,215	\$5,092,062	\$7,784,378	\$8,391,948
School District's covered payroll	\$4,167,597	\$3,704,401	\$4,209,571	\$4,228,114	\$4,393,304	\$4,551,941	\$4,634,607	\$4,622,157	\$5,593,114	\$5,452,457
School District's proportionate share of the net pension liability as a percentage of its covered payroll	140.7%	192.9%	231.5%	188.1%	184.7%	187.3%	198.2%	110.2%	139.2%	153.9%
Plan fiduciary net position as a percentage of the total pension liability	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%	76.1%

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

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

	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>								
School District's proportion of the net OPEB liability (asset)	0.11495518%	0.11323341%	0.11232366%	0.10889470%	0.10865628%	0.109403642%	0.114975580%	0.115802160%
School District's proportionate share of the net OPEB liability (asset)	\$6,055,752	\$4,417,950	(\$1,804,927)	(\$1,803,558)	(\$1,909,632)	(\$2,306,686)	(\$2,977,101)	(\$2,252,192)
School District's covered payroll	\$13,174,171	\$13,237,257	\$12,532,043	\$12,837,271	\$13,293,436	\$12,988,550	\$14,519,100	\$14,957,621
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	46.0%	33.4%	-14.4%	-14.0%	-14.4%	-17.8%	-20.5%	-15.1%
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%	168.5%
<i>School Employees Retirement System</i>								
School District's proportion of the net OPEB liability	0.13317600%	0.13513480%	0.14284570%	0.14548210%	0.14423220%	0.14105230%	0.14736890%	0.15631600%
School District's proportionate share of the net OPEB liability	\$3,851,842	\$3,626,663	\$3,962,926	\$3,658,569	\$3,134,638	\$2,669,530	\$2,069,075	\$2,575,221
School District's covered payroll	\$4,209,571	\$4,228,114	\$4,393,304	\$4,551,941	\$4,634,607	\$4,622,157	\$5,593,114	\$5,452,457
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.5%	85.8%	90.2%	80.4%	67.6%	57.8%	37.0%	47.2%
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%	30.0%

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 accompanying notes to the required supplementary information.

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$1,539,408	\$1,844,384	\$1,853,216	\$1,754,486	\$1,797,218	\$1,861,081	\$1,818,397	\$2,032,674	\$2,094,067	\$2,052,387
Contractually required contribution - OPEB	0	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	1,539,408	1,844,384	1,853,216	1,754,486	1,797,218	1,861,081	1,818,397	2,032,674	2,094,067	2,052,387
Contributions in relation to the contractually required contribution	1,539,408	1,844,384	1,853,216	1,754,486	1,797,218	1,861,081	1,818,397	2,032,674	2,094,067	2,052,387
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$10,995,771	\$13,174,171	\$13,237,257	\$12,532,043	\$12,837,271	\$13,293,436	\$12,988,550	\$14,519,100	\$14,957,621	\$14,659,907
Contributions as a percentage of covered payroll - pension	14.00%	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	0.00%	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%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$488,240	\$589,340	\$591,936	\$593,096	\$614,512	\$648,845	\$647,102	\$783,036	\$763,344	\$972,247
Contractually required contribution - OPEB (1)	30,376	0	0	21,967	22,760	0	0	0	0	0
Contractually required contribution - total	518,616	589,340	591,936	615,063	637,272	648,845	647,102	783,036	763,344	972,247
Contributions in relation to the contractually required contribution	518,616	589,340	591,936	615,063	637,272	648,845	647,102	783,036	763,344	972,247
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered payroll	\$3,704,401	\$4,209,571	\$4,228,114	\$4,393,304	\$4,551,941	\$4,634,607	\$4,622,157	\$5,593,114	\$5,452,457	\$6,944,621
Contributions as a percentage of covered payroll - pension	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.82%	0.00%	0.00%	0.50%	0.50%	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%

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

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 2024.

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 were the most significant changes 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.
- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

There were no changes in assumptions for fiscal year 2024.

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.

Chillicothe City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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 years 2023 and 2024.

Changes in assumptions

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.

Chillicothe City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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.

Chillicothe City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- The projected salary increases changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent.

For fiscal year 2024, 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 7.50 percent initial, 3.94 percent ultimate to 7.50 percent initial, 4.14 percent ultimate
 - Medical Medicare – from -68.78 percent initial, 3.94 percent ultimate to -10.94 percent initial, 4.14 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.00 percent initial, 3.94 percent ultimate to -11.95 percent initial, 4.14 percent ultimate
 - Prescription Drug Medicare – from -5.47 percent initial, 3.94 percent ultimate to 1.33 percent initial, 4.14 percent ultimate

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.

There were no changes to benefit terms for fiscal year 2024.

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

Chillicothe City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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 years 2023 and 2024.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2024.

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:

Chillicothe City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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.

Chillicothe City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

- 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.

For fiscal year 2024, 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 3.69 percent to 3.86 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 4.08 percent to 4.27 percent.
- The medical trend assumption decreased from 7.00 percent to 6.75 percent.

Chillicothe City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Provided to Subrecipients	Federal Awards Expenditures
<u>United States Department of Agriculture</u>				
<i>Passed through the Ohio Department of Education and Workforce</i>				
Child Nutrition Cluster:				
School Breakfast Program	N/A	10.553	\$0	\$488,416
National School Lunch Program	N/A	10.555	0	1,549,711
National School Lunch Program-Non-Cash Assistance	N/A	10.555	0	129,999
Total Child Nutrition Cluster			<u>0</u>	<u>2,168,126</u>
Fresh Fruit and Vegetable Program	N/A	10.582	0	65,656
Total United States Department of Agriculture			0	2,233,782
<u>United States Department of Treasury</u>				
<i>Passed through the Ohio Facilities Construction Commission</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	SCV3	21.027	0	178,183
Total United States Department of Treasury			0	178,183
<u>United States Department of Energy</u>				
<i>Passed through the Ohio Department of Development</i>				
State Energy Program	DEV-GR-2023-44220	81.041	0	150,000
Total United States Department of Energy			0	150,000
<u>United States Department of Education</u>				
<i>Passed through the Ohio Department of Education and Workforce</i>				
Special Education Cluster (IDEA):				
Special Education-Grants to States	N/A	84.027A	0	809,164
COVID-19 Special Education-Grants to States	N/A	84.027X	0	9,080
Special Education-Preschool Grants	N/A	84.173A	0	27,188
COVID-19 Special Education-Preschool Grants	N/A	84.173X	0	5,962
Total Special Education Cluster (IDEA)			<u>0</u>	<u>851,394</u>
Title I Grants to Local Educational Agencies	N/A	84.010A	0	1,541,117
Title I Grants to Local Educational Agencies-School Improvement	N/A	84.010A	0	225,315
Total Title I Grants to Local Educational Agencies			<u>0</u>	<u>1,766,432</u>
Rural Education	N/A	84.358B	0	97,984
English Language Acquisition Grants to States	N/A	84.365A	4,642	4,642
COVID-19 Education Stabilization Fund-ESSER II	N/A	84.425D	0	230,120
COVID-19 Education Stabilization Fund-ESSER ARP	N/A	84.425U	0	3,869,853
COVID-19 Education Stabilization Fund-ARP Homeless Round II	N/A	84.425W	0	97,278
Total COVID-19 Education Stabilization Fund			<u>0</u>	<u>4,197,251</u>
Supporting Effective Instruction State Grants	N/A	84.367A	0	112,561
Student Support and Academic Enrichment Program	N/A	84.424A	0	127,557
Student Support and Academic Enrichment Program - Strong Connections	N/A	84.424F	0	75,085
Total Student Support and Academic Enrichment Program			<u>0</u>	<u>202,642</u>
Total United States Department of Education			4,642	7,232,906
Total Federal Financial Assistance			\$4,642	\$9,794,871

N/A - pass through entity number not available.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Chillicothe City School District
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) is a summary of the activity of the School District's federal award programs. The information in this schedule is presented 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 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 – 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 4 – 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 5 – Food Donation Program

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

Note 6 – Subrecipients

The School District passes certain federal awards received from the Ohio Department of Education and Workforce to another government (subrecipient). As note 2 describes, the School District reports expenditures of federal awards to subrecipients when paid in cash.

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

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

Members of the Board
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chillicothe City School District, Ross County, Ohio (the School District) as of and for the year ended June 30, 2024, 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 6, 2025.

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 entity'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

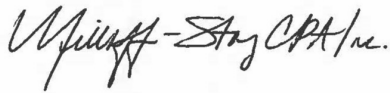
As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2024-001.

School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 6, 2025

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditor's Report

Members of the Board
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chillicothe City School District, Ross County, Ohio (the School District) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2024. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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 the School District's major federal programs for the year ended June 30, 2024.

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

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

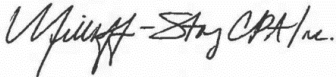
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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.

Chillicothe City School District
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the
Uniform Guidance
Page 3

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

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



Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 6, 2025

Chillicothe City School District
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2024

Section I – Summary of Auditor’s Results

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	Yes
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	COVID-19 Education Stabilization Fund, AL #84.425D, #84.425U, #84.425W; Title I Grants to Local Educational Agencies, AL #84.010A
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

Finding 2024-001 - Noncompliance – Competitive Bidding

When a Board of Education determines to build, repair, enlarge, improve or demolish any school building with a cost in excess of \$50,000, the Board is required to:

- Prepare plans and specifications. [Ohio Revised Code section 3313.46(A)(1)]
- Advertise for bids once a week for not less than two consecutive weeks. [Ohio Revised Code section 3313.46(A)(2)]
- Open the bids at the time and place specified by the Board in the advertisement for bids. [Ohio Revised Code section 3313.46(A)(3)]
- When the work bid includes both labor and materials, the Board may require that each be separately bid or may require that they be bid as one. [Ohio Revised Code section 3313.46(A)(5)]
- The award of the contract is to the lowest responsible bidder. [Ohio Revised Code section 3313.46(A)(6)]
- The contract is between the board and the bidders. The board is required to approve and retain estimates and make them available to the Auditor of State upon request. [Ohio Revised Code § 3313.46(A)(7)]
- If two or more bids are equal and are lower than any others, either may be accepted. However, the work is not to be divided among the bidders. [Ohio Revised Code section 3313.46(A)(8)]
- When there is reason to suspect collusion among the bidders, those suspects are to be rejected. [Ohio Revised Code section 3313.46(A)(9)]

The above requirements (Ohio Revised Code section 3313.46(A)) do not apply to:

- an urgent necessity, [Ohio Revised Code section 3313.46 (A)]
- acquisition of educational materials used for teaching; [Ohio Revised Code section 3313.46(B)(1)]
- any item which the Board, by a two-thirds vote, determines is available and can be obtained only through a single source; [Ohio Revised Code section 3313.46(B)(2)]

Chillicothe City School District
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
For the Fiscal Year Ended June 30, 2024

Finding 2024-001 - Noncompliance – Competitive Bidding (Continued)

- energy conservation measures, with the approval of two-thirds of the Board; [Ohio Revised Code section 3313.46(B)(3)]
- acquisition of computer software or hardware for instructional purposes; [Ohio Revised Code section 3313.46(B)(4)] or
- School districts that participate in a joint purchasing contract are exempt from using competitive bidding. [Ohio Revised Code section 9.48(C)-(D)]

During testing, we noted multiple vendors with disbursements more than the competitive bidding threshold. Per inquiry of the Treasurer, none of the contracts tested were competitively bid or met an exception to competitive bidding allowable by Ohio Revised Code.

The School District should take steps to ensure that all contracted work that exceeds the competitive bidding threshold is formally bid in accordance with the Ohio Revised Code and further documented if it meets one of the exemptions allowed.

Section III – Federal Award Findings and Questioned Costs
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None



*Corrective Action Plan
2 CFR Section 200.511(c)
For the Fiscal Year Ended June 30, 2024*

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
Finding 2024-001	<p>Policy Reinforcement: We will reinforce procurement policies and procedures to ensure full compliance with competitive bidding requirements. All relevant personnel will undergo training to ensure a clear understanding of the competitive bidding thresholds and applicable exceptions.</p> <p>Internal Controls Enhancement: We will implement additional internal controls to verify that all contracts exceeding the threshold are either competitively bid or meet a valid exemption. This includes requiring documented justification and legal review before contract execution.</p> <p>Review of Past and Future Contracts: We will conduct a review of past and current vendor contracts to ensure compliance with procurement regulations. If necessary, we will take corrective steps to address any discrepancies.</p> <p>Monitoring and Oversight: We will establish periodic internal audits to review procurement activities and ensure ongoing adherence to state regulations.</p> <p>Effective April 1, 2025, and for the remainder of FY26 and beyond, we are reinforcing our procurement policies to ensure full compliance with competitive bidding requirements as outlined in the Ohio Revised Code. We appreciate the audit's insights and are committed to improving our procurement processes to maintain compliance with applicable laws and ensure fiscal responsibility.</p>	April 1, 2025	Nick Overly, Treasurer

Deborah Swinehart, Superintendent

Nicolas Overly, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



CHILLICOTHE CITY SCHOOL DISTRICT

ROSS 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 5/29/2025

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

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