



OHIO AUDITOR OF STATE  
**KEITH FABER**





**EAST CLINTON LOCAL SCHOOL DISTRICT  
CLINTON COUNTY  
JUNE 30, 2023**

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**EAST CLINTON LOCAL SCHOOL DISTRICT  
CLINTON COUNTY  
JUNE 30, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

East Clinton Local School District  
Clinton County  
97 Astro Way  
Sabina, Ohio 45169

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

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

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

#### **Basis for Opinions**

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

#### **Responsibilities of Management for the Financial Statements**

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

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

***Supplementary information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 12, 2024

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**East Clinton Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- Net position of governmental activities decreased \$345,330 which represents a 2% decrease from 2022.
- General revenues accounted for \$14,071,503 in revenue or 77% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,185,391 or 23% of total revenues of \$18,256,894.
- The District had \$18,602,224 in expenses related to governmental activities; \$4,185,391 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$14,071,503 were also used to provide for these programs.

**Overview of the Financial Statements**

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

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

**Government-wide Financial Statements**

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

**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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These two statements report the District’s *net position* and changes in the net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- **Governmental Activities** – Most of the District’s programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District’s major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District’s most significant funds.

**Governmental Funds** Most of the 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 an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

**The District as a Whole**

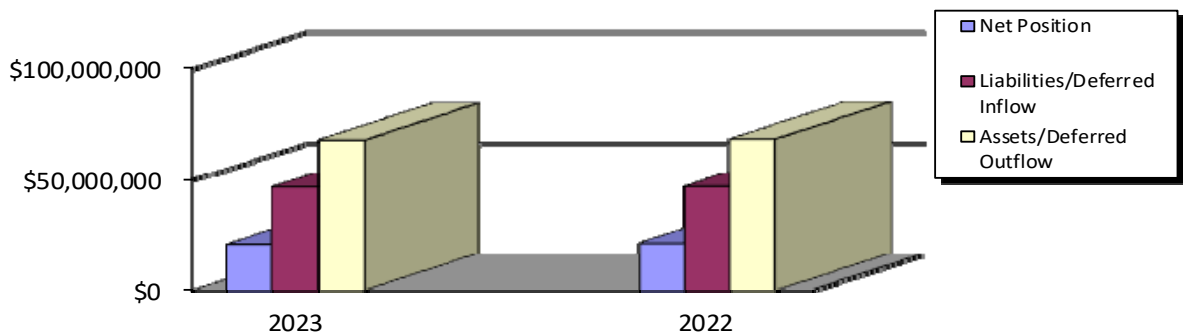
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District’s net position for 2023 compared to 2022:

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**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Table 1  
Net Position**

	Governmental Activities	
	2023	2022
<b>Assets:</b>		
Current and Other Assets	\$25,201,185	\$41,685,624
Net OPEB Asset	1,364,411	1,108,684
Capital Assets	37,009,772	21,308,064
<b>Total Assets</b>	<b>63,575,368</b>	<b>64,102,372</b>
<b>Deferred Outflows of Resources:</b>		
Pension	3,601,070	3,532,443
OPEB	405,644	500,085
<b>Total Deferred Outflows of Resources</b>	<b>4,006,714</b>	<b>4,032,528</b>
<b>Liabilities:</b>		
Other Liabilities	5,097,159	5,034,771
Long-Term Liabilities	32,829,312	27,503,606
<b>Total Liabilities</b>	<b>37,926,471</b>	<b>32,538,377</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	4,996,763	4,755,158
Pension	1,331,970	7,312,470
OPEB	2,273,674	2,130,361
<b>Total Deferred Inflows of Resources</b>	<b>8,602,407</b>	<b>14,197,989</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	21,078,083	13,522,341
Restricted	11,289,280	15,633,148
Unrestricted	(11,314,159)	(7,756,955)
<b>Total Net Position</b>	<b>\$21,053,204</b>	<b>\$21,398,534</b>



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2023, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,053,204.

**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

At year-end, capital assets represented 58% of total assets. Capital assets include land, buildings and improvements, construction in process, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2023, were \$21,078,083. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$11,289,280 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets decreased from the prior year due primarily to a decrease in cash and investment. Long-term liabilities increased due to an increase in net pension liability.

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

**Table 2  
Changes in Net Position**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues		
Charges for Services and Sales	\$628,625	\$509,945
Operating Grants, Contributions	3,556,766	6,169,710
General Revenues:		
Property Taxes	4,735,005	4,751,829
Grants and Entitlements	8,191,267	8,850,020
Other	1,145,231	74,968
<b>Total Revenues</b>	<b>18,256,894</b>	<b>20,356,472</b>
Program Expenses:		
Instruction	9,750,153	9,012,604
Support Services:		
Pupil and Instructional Staff	1,979,798	1,823,227
School Administrative, General Administration, Fiscal and Business	1,993,697	1,754,296
Operations and Maintenance	1,632,349	1,326,584
Pupil Transportation	1,426,926	965,092
Central	4,325	1,254
Operation of Non-Instructional Services	808,750	687,021
Extracurricular Activities	578,422	473,081
Interest and Fiscal Charges	427,804	443,992
<b>Total Program Expenses</b>	<b>18,602,224</b>	<b>16,487,151</b>
Change in Net Position	(345,330)	3,869,321
Net Position - Beginning of Year	21,398,534	17,529,213
Net Position - End of Year	<b>\$21,053,204</b>	<b>\$21,398,534</b>

**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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Of the total governmental activities revenues of \$18,256,894, \$4,185,391 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$4,735,005 (26%) comes from property tax levies and \$8,191,267 (45%) is from state funding. This District’s operations are reliant upon its property tax levy and the state’s foundation program.

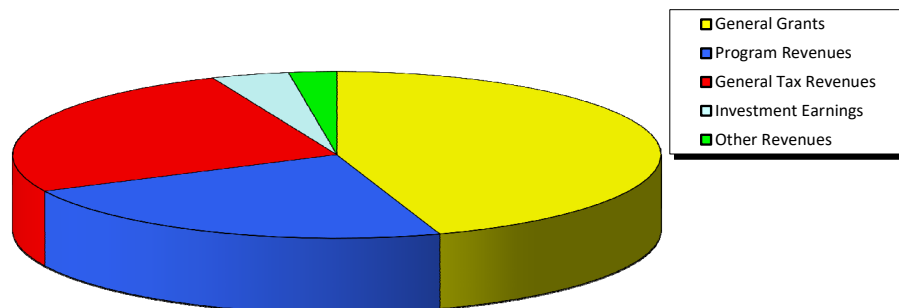
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service.

**Governmental Activities  
Revenue Sources**

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	2023	Percentage
General Grants	\$8,191,267	45%
Program Revenues	4,185,391	23%
General Tax Revenues	4,735,005	26%
Investment Earnings	708,205	4%
Other Revenues	437,026	2%
<b>Total Revenue Sources</b>	<b>\$18,256,894</b>	<b>100.0%</b>



Instruction comprises 52% of governmental program expenses. Support services expenses were 38% of governmental program expenses. All other expenses including interest expense were 10%. Interest expense was attributable to the outstanding borrowing for capital projects.

Operating grant revenues decreased mainly due to an decrease in grant monies received in 2023 compared to 2022. Total expenses for fiscal year 2023 when compared to fiscal year 2022 increased due to changes related to net pension liability and other post employment benefits liability.

**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3  
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$9,750,153	\$9,012,604	(\$7,140,825)	(\$6,345,561)
Support Services:				
Pupil and Instructional Staff	1,979,798	1,823,227	(1,600,008)	(133,946)
School Administrative, General				
Administration, Business, and Fiscal	1,993,697	1,754,296	(1,858,751)	(1,582,029)
Operations and Maintenance	1,632,349	1,326,584	(1,585,811)	(1,245,821)
Pupil Transportation	1,426,926	965,092	(1,287,999)	(76,849)
Central	4,325	1,254	(4,325)	(1,254)
Operation of Non-Instructional Services	808,750	687,021	(140,916)	294,283
Extracurricular Activities	578,422	473,081	(370,394)	(272,327)
Interest and Fiscal Charges	427,804	443,992	(427,804)	(443,992)
<b>Total Expenses</b>	<b>\$18,602,224</b>	<b>\$16,487,151</b>	<b>(\$14,416,833)</b>	<b>(\$9,807,496)</b>

**Districts Major Funds**

The District has four major governmental funds: the General Fund, Permanent Improvement Fund, Building Fund, and the Classroom Facilities Construction Fund. Assets of these funds comprised \$19,744,153 (78%) of the total \$25,243,918 governmental funds’ assets.

**General Fund:** Fund balance at June 30, 2023 was \$4,417,433. The fund balance decreased \$1,605,925 from 2022 to 2023. The overall fund balance decrease is due to revenues being less than expenditures during the year.

**Permanent Improvement Fund:** Fund balance at June 30, 2023 was \$2,546,484. The fund balance decreased \$64,096 from 2022 to 2023. The overall fund balance decrease is due to an increase in pupil transportation expenditures from 2022 to 2023.

**Building Fund:** Fund balance at June 30, 2023 was (\$915,492). The fund balance decreased \$6,968,982 from 2022 to 2023. The overall fund balance decrease is due to an increase in capital outlay expenditures from 2022 to 2023.

**Classroom Facilities Construction Fund:** Fund balance at June 30, 2023 was \$4,109,610. The fund balance decreased \$3,581,583 from 2022 to 2023. The overall fund balance decrease is due to an increase in capital outlay expenditures from 2022 to 2023.

**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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**General Fund Budgeting Highlights**

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

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District reviews the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$14,038,676, compared to original budget estimates of \$13,708,099. Of the \$330,577 difference, most was due to underestimation of tax and intergovernmental revenues. Actual budget basis revenue was \$14,038,676, compared to final budgeted revenue which was \$14,038,676. There was no difference.

Actual budget basis expenditures were \$15,440,995, compared to final budgeted expenditures of \$15,440,995. There was no difference. Final budgeted expenditures were \$15,440,995, compared to original budgeted expenditures of \$15,639,304. Of the \$198,309 difference, most was due to overestimation of instructional and support services expenditures.

The General Fund's ending obligated cash balance was \$5,778,248.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2023, the District had \$37,009,772 invested in land, buildings and improvements, construction in progress, and equipment. Table 4 shows fiscal year 2023 balances compared to fiscal year 2022:

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

	Governmental Activities	
	2023	2022
Land	\$452,753	\$452,753
Constuction In Progress	28,532,391	12,219,542
Buildings and Improvements	7,082,351	7,623,987
Vehicles	184,323	257,002
Equipment	757,954	754,780
Total Net Capital Assets	<u>\$37,009,772</u>	<u>\$21,308,064</u>

The increase in capital assets is due to the continuation of the construction project within the District.

See Note 8 to the basic financial statements for further details on the District’s capital assets.

**East Clinton Local School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023**

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**Debt**

At June 30, 2023, the District had \$15,931,689 in debt outstanding, \$455,000 due within one year. Table 5 summarizes debt outstanding.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities	
	2023	2022
Bonds:		
Direct Placement: Energy Conservation Bonds 2010	\$90,000	\$130,000
2019 School Facilities Improvement Bonds Series A Serial & Term Bonds	8,385,000	8,610,000
Premium on Series A 2019 Bonds	657,613	685,897
2019 School Facilities Improvement Bonds Series B Serial & Term Bonds	6,375,000	6,550,000
Premium on Series B 2019 Bonds	<u>424,076</u>	<u>442,316</u>
Total Outstanding Debt at Year End	<u>\$15,931,689</u>	<u>\$16,418,213</u>

See Note 13 in the notes to the basic financial statements for further details on the District’s outstanding debt.

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have any questions about this report or need additional information contact John Stanley, Treasurer, at East Clinton Local School District, 97 Astro Way, Sabina, OH 45169



East Clinton Local School District, Ohio  
Statement of Net Position  
June 30, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$17,863,433
Restricted Cash and Investments	516,368
Receivables (Net):	
Taxes	5,568,599
Intergovernmental	1,240,788
Prepays	11,997
Nondepreciable Capital Assets	28,985,144
Depreciable Capital Assets, Net	8,024,628
Net OPEB Asset	1,364,411
<b>Total Assets</b>	<b>63,575,368</b>
Deferred Outflows of Resources:	
Pension	3,601,070
OPEB	405,644
<b>Total Deferred Outflows of Resources</b>	<b>4,006,714</b>
Liabilities:	
Accounts Payable	535
Accrued Wages and Benefits	2,070,678
Contracts Payable	2,470,624
Retainage Payable	516,368
Accrued Interest Payable	38,954
Long-Term Liabilities:	
Due Within One Year	513,536
Due In More Than One Year:	
Net Pension Liability	15,369,539
Net OPEB Liability	971,275
Other Amounts	15,974,962
<b>Total Liabilities</b>	<b>37,926,471</b>
Deferred Inflows of Resources:	
Property Taxes	4,996,763
OPEB	2,273,674
Pension	1,331,970
<b>Total Deferred Inflows of Resources</b>	<b>8,602,407</b>
Net Position:	
Net Investment in Capital Assets	21,078,083
Restricted for:	
Food Service	902,339
Debt Service	1,475,355
Capital Projects	5,837,166
Classroom Facilities Maintenance	763,573
District Managed Student Activities	78,742
Other Grants	7,226
Net OPEB Asset	1,364,411
Nonexpendable Endowments	465,997
Expendable Endowments	57,684
Other Purposes	336,787
Unrestricted	(11,314,159)
<b>Total Net Position</b>	<b>\$21,053,204</b>

See accompanying notes to the basic financial statements.

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$5,866,562	\$143,408	\$531,762	(\$5,191,392)
Special	3,573,961	93,009	1,779,273	(1,701,679)
Vocational	2,626	0	51,264	48,638
Other	307,004	0	10,612	(296,392)
<b>Support Services:</b>				
Pupil	1,090,090	0	53,954	(1,036,136)
Instructional Staff	889,708	0	325,836	(563,872)
General Administration	70,725	0	0	(70,725)
School Administration	1,310,868	0	134,265	(1,176,603)
Fiscal	502,552	0	681	(501,871)
Business	109,552	0	0	(109,552)
Operations and Maintenance	1,632,349	3,403	43,135	(1,585,811)
Pupil Transportation	1,426,926	0	138,927	(1,287,999)
Central	4,325	0	0	(4,325)
Operation of Non-Instructional Services	808,750	180,777	487,057	(140,916)
Extracurricular Activities	578,422	208,028	0	(370,394)
Interest and Fiscal Charges	427,804	0	0	(427,804)
<b>Totals</b>	<b>\$18,602,224</b>	<b>\$628,625</b>	<b>\$3,556,766</b>	<b>(14,416,833)</b>

<b>General Revenues:</b>	
Property Taxes Levied for:	
General Purposes	3,364,827
Special Revenue Purposes	84,786
Debt Service Purposes	981,176
Capital Projects Purposes	304,216
Grants and Entitlements, Not Restricted	8,191,267
Unrestricted Contributions	17,256
Investment Earnings	708,205
Other Revenues	419,770
<b>Total General Revenues</b>	<b>14,071,503</b>
<b>Change in Net Position</b>	<b>(345,330)</b>
<b>Net Position - Beginning of Year</b>	<b>21,398,534</b>
<b>Net Position - End of Year</b>	<b>\$21,053,204</b>

See accompanying notes to the basic financial statements.

East Clinton Local School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2023

	General	Permanent Improvement	Building	Classroom Facilities Construction	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>						
Equity in Pooled Cash and Investments	\$5,951,981	\$2,523,250	\$253,296	\$5,051,348	\$4,083,558	\$17,863,433
Restricted Cash and Investments	0	0	203,891	312,477	0	516,368
<b>Receivables (Net):</b>						
Taxes	4,033,923	365,623	0	0	1,169,053	5,568,599
Intergovernmental	0	0	0	995,192	245,596	1,240,788
Interfund	42,733	0	0	0	0	42,733
Prepays	10,439	0	0	0	1,558	11,997
<b>Total Assets</b>	<b>10,039,076</b>	<b>2,888,873</b>	<b>457,187</b>	<b>6,359,017</b>	<b>5,499,765</b>	<b>25,243,918</b>
<b>Liabilities:</b>						
Accounts Payable	535	0	0	0	0	535
Accrued Wages and Benefits	1,787,398	0	0	0	283,280	2,070,678
Compensated Absences	58,536	0	0	0	0	58,536
Contracts Payable	0	0	1,168,788	1,301,836	0	2,470,624
Retainage Payable	0	0	203,891	312,477	0	516,368
Interfund Payable	0	0	0	0	42,733	42,733
<b>Total Liabilities</b>	<b>1,846,469</b>	<b>0</b>	<b>1,372,679</b>	<b>1,614,313</b>	<b>326,013</b>	<b>5,159,474</b>
<b>Deferred Inflows of Resources:</b>						
Property Taxes	3,775,174	342,389	0	0	1,084,749	5,202,312
Unavailable Revenues	0	0	0	635,094	72,717	707,811
<b>Total Deferred Inflows of Resources</b>	<b>3,775,174</b>	<b>342,389</b>	<b>0</b>	<b>635,094</b>	<b>1,157,466</b>	<b>5,910,123</b>
<b>Fund Balances:</b>						
Nonspendable	10,439	0	0	0	467,555	477,994
Restricted	0	1,092,462	0	4,109,610	3,627,496	8,829,568
Committed	148,041	0	0	0	0	148,041
Assigned	1,699,400	1,454,022	0	0	0	3,153,422
Unassigned	2,559,553	0	(915,492)	0	(78,765)	1,565,296
<b>Total Fund Balances</b>	<b>4,417,433</b>	<b>2,546,484</b>	<b>(915,492)</b>	<b>4,109,610</b>	<b>4,016,286</b>	<b>14,174,321</b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b>\$10,039,076</b>	<b>\$2,888,873</b>	<b>\$457,187</b>	<b>\$6,359,017</b>	<b>\$5,499,765</b>	<b>\$25,243,918</b>

See accompanying notes to the basic financial statements.

East Clinton Local School District, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2023

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Total Governmental Fund Balance		\$14,174,321
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.		
Capital assets used in the operation of Governmental Funds		37,009,772
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	205,549	
Intergovernmental	<u>707,811</u>	
		913,360
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(38,954)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(498,273)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,601,070	
Deferred inflows of resources related to pensions	(1,331,970)	
Deferred outflows of resources related to OPEB	405,644	
Deferred inflows of resources related to OPEB	<u>(2,273,674)</u>	
		401,070
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	1,364,411	
Net Pension Liability	(15,369,539)	
Net OPEB Liability	(971,275)	
Other Amounts	<u>(15,931,689)</u>	
		<u>(30,908,092)</u>
Net Position of Governmental Activities		<u><u>\$21,053,204</u></u>

See accompanying notes to the basic financial statements.

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

	General	Permanent Improvement	Building	Classroom Facilities Construction	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>						
Property and Other Taxes	\$3,380,232	\$305,835	\$0	\$0	\$1,070,436	\$4,756,503
Tuition and Fees	236,416	0	0	0	0	236,416
Investment Earnings	354,455	0	38,082	248,958	68,373	709,868
Intergovernmental	9,737,361	39,865	0	4,963,363	2,057,050	16,797,639
Extracurricular Activities	0	0	0	0	208,028	208,028
Charges for Services	0	0	0	0	182,514	182,514
Other Revenues	92,442	0	0	0	159,738	252,180
<b>Total Revenues</b>	<b>13,800,906</b>	<b>345,700</b>	<b>38,082</b>	<b>5,212,321</b>	<b>3,746,139</b>	<b>23,143,148</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	5,892,011	175,784	0	0	42,195	6,109,990
Special	2,758,596	0	0	0	874,044	3,632,640
Other	300,113	0	0	0	6,927	307,040
<b>Support Services:</b>						
Pupil	1,063,807	0	0	0	55,354	1,119,161
Instructional Staff	619,365	0	0	0	268,701	888,066
General Administration	70,873	0	0	0	0	70,873
School Administration	1,224,530	0	0	0	111,685	1,336,215
Fiscal	470,553	8,340	1,012	3,475	26,802	510,182
Business	111,219	0	0	0	0	111,219
Operations and Maintenance	1,460,468	0	0	0	70,948	1,531,416
Pupil Transportation	1,121,244	225,672	0	0	0	1,346,916
Central	4,325	0	0	0	0	4,325
Operation of Non-Instructional Services:	750	0	0	0	810,631	811,381
Extracurricular Activities	326,904	0	0	0	231,825	558,729
Capital Outlay	54,900	0	7,006,052	8,790,429	0	15,851,381
<b>Debt Service:</b>						
Principal Retirement	40,000	0	0	0	400,000	440,000
Interest and Fiscal Charges	1,430	0	0	0	474,275	475,705
<b>Total Expenditures</b>	<b>15,521,088</b>	<b>409,796</b>	<b>7,007,064</b>	<b>8,793,904</b>	<b>3,373,387</b>	<b>35,105,239</b>
<b>Excess of Revenues Over (Under) Expenditure:</b>	<b>(1,720,182)</b>	<b>(64,096)</b>	<b>(6,968,982)</b>	<b>(3,581,583)</b>	<b>372,752</b>	<b>(11,962,091)</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Capital Assets	169,257	0	0	0	0	169,257
Transfers In	0	0	0	0	55,000	55,000
Transfers (Out)	(55,000)	0	0	0	0	(55,000)
<b>Total Other Financing Sources (Uses)</b>	<b>114,257</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55,000</b>	<b>169,257</b>
<b>Net Change in Fund Balance</b>	<b>(1,605,925)</b>	<b>(64,096)</b>	<b>(6,968,982)</b>	<b>(3,581,583)</b>	<b>427,752</b>	<b>(11,792,834)</b>
<b>Fund Balance - Beginning of Year</b>	<b>6,023,358</b>	<b>2,610,580</b>	<b>6,053,490</b>	<b>7,691,193</b>	<b>3,588,534</b>	<b>25,967,155</b>
<b>Fund Balance - End of Year</b>	<b>\$4,417,433</b>	<b>\$2,546,484</b>	<b>(\$915,492)</b>	<b>\$4,109,610</b>	<b>\$4,016,286</b>	<b>\$14,174,321</b>

See accompanying notes to the basic financial statements

East Clinton Local School District, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2023

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Net Change in Fund Balance - Total Governmental Funds (\$11,792,834)

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

Governmental funds report capital asset additions as expenditures.

However, in the statement of activities, the cost of those assets is  
 allocated over their estimated useful lives as depreciation  
 expense. This is the amount of the difference between capital  
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	16,451,866	
Depreciation Expense	<u>(750,158)</u>	
		15,701,708

Governmental funds report district pension and OPEB contributions as  
 expenditures. However in the Statement of Activities, the cost  
 of pension and OPEB benefits earned net of employee contributions is  
 reported as pension and OPEB expense.

District pension contributions	1,372,440	
Cost of benefits earned net of employee contributions - Pension	(1,474,343)	
District OPEB contributions	53,903	
Cost of benefits earned net of employee contributions - OPEB	<u>318,822</u>	
		270,822

Revenues in the statement of activities that do not provide  
 current financial resources are not reported as revenues in  
 the funds.

Delinquent Property Taxes	(21,498)	
Interest	(1,663)	
Intergovernmental	<u>(5,032,350)</u>	
		(5,055,511)

Repayment of bond principal and accretion is an expenditure  
 in the governmental funds, but the repayment reduces long-term  
 liabilities in the Statement of Net Position. 440,000

In the statement of activities interest expense is accrued when incurred;  
 whereas, in governmental funds an interest expenditure is reported  
 when due. 1,377

Some expenses reported in the statement of activities do not require the  
 use of current financial resources and, therefore, are not reported as  
 expenditures in governmental funds.

Compensated Absences	42,584	
Amortization of Bond Premium	<u>46,524</u>	
		<u>89,108</u>

Change in Net Position of Governmental Activities (\$345,330)

See accompanying notes to the basic financial statements.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 1 - Description of the School District and Reporting Entity**

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

The Board controls the School District's four instructional support facilities, staffed by approximately 80 non-certified employees, approximately 100 teaching personnel, and 12 administrative employees providing education to approximately 1,225 students.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For East Clinton Local 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; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the School District. The School District has no component units.

The School District participates in six organizations: four jointly governed organizations, one insurance purchasing pool, and one public entity shared risk pool. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association  
Great Oaks Institute of Technology and Career Development  
Southern Buckeye Athletic and Academic Conference  
Southwestern Ohio Educational Purchasing Council

Insurance Purchasing Pool:

Ohio SchoolComp Workers' Compensation Group Rating Plan

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 2 - Summary of Significant Accounting Policies**

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

**Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type; however, the School District has no business-type activities.

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

**Fund Financial Statements**

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

**Fund Accounting**

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



**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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governmental funds.

Governmental Funds:

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

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

Permanent Improvement Fund - This fund accounts for and reports restricted property taxes related to the acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705 of the Ohio Revised Code.

Building Fund - This fund is used to account for and report all transactions restricted for constructing improvements, renovations, and additions to the School District's buildings, including equipment, furniture and fixtures.

Classroom Facilities Construction Fund - This fund is used to account for and report grants restricted for constructing improvements, renovations, and additions to the School District's buildings, including equipment, furniture and fixtures.

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

**Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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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.

**Basis of Accounting**

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

**Revenues - Exchange and Non-exchange Transactions**

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as deferred inflows of resources on both the government-wide Statement of Net Position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables that will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, grants, and accrued interest. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 10 and 11)

Expenses/Expenditures

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

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

Cash and Cash Equivalents

Cash received by the School District is deposited into one of several bank accounts with individual fund integrity being maintained through the School District's records for cash that is pooled. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalent" on the financial statements. The School District has monies related to the Building and Classroom Facilities funds, for the Ohio School Facilities Commission Project invested separately from the School District's internal investment pool. The School District also has monies related to the Endowment fund invested separately from the School District's internal investment pool.

During fiscal year 2023, the School District's investments were limited to STAR Ohio, commercial paper, money market mutual funds, negotiable certificates of deposit, and United States Treasury securities. Investments, except for STAR Ohio and Commercial paper, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. 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 investment earnings. Interest credited to the General Fund during fiscal year 2023 amounted to \$354,455, \$38,082 for the Building Fund, \$248,958 for the Classroom Facilities Construction Fund, and \$68,373 for Other Governmental Funds.

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

**Inventory**

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

**Prepaid Items**

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

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable." Interfund balances are eliminated on the Statement of Net Position.

**Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$2,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance

**East Clinton Local School District**  
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and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land and construction in process, 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>
Buildings and Improvements	20-40 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10 years

**Compensated Absences**

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditures to the extent that payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

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

**Accrued Liabilities and Long-term Obligations**

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

**Pension/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
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the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

**Fund Balance**

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

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

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

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

*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 represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or State statute. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2024 appropriation budget.

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, 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.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
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**Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**Internal Activity**

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

Internal allocations of overhead expenses from one function to another, or within the same function, are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

**Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the Certificate of Estimated Resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Certificate of Estimated Resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The Certificate of Estimated Resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate requested at fiscal year-end.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
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The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

**Bond Premiums**

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. Bond premiums are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund.

**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.

**Note 3 – Implementation of New Accounting Principles**

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**New Accounting Principles**

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

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the



**East Clinton Local School District**  
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operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the School District.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the School District.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 4 – Accountability**

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At June 30, 2023, the following funds had deficit fund balances:

Funds	Amounts
Elementary and Secondary School Emergency Relief	\$42,016
Special Education	35,920
Building	<u>915,492</u>
Total	<u>\$993,428</u>

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 5 - Deposits and Investments**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Investments

As of June 30, 2023, the School District had the following investments. All investments, except those relating to the Ohio School Facilities Commission Project and the endowment, are in an internal investment pool:

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Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value per Share:				
STAROhio	\$2,940,945	Less than one year	AAAm	37.71 %
Amortized Cost:				
Commercial Paper	742,648	Less than one year	A1 to A1+	9.52
Fair Value - Level One Inputs:				
Money Market Mutual Funds	1,556,016	Less than one year	N/A	19.95
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	703,870	Less than two years	N/A	9.02
US Treasury Notes	<u>1,855,888</u>	Less than one year	AA+	23.80
Total Fair Value-Level Two Inputs	<u>2,559,758</u>			
Total Investments	<u>\$7,799,367</u>			

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

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District has no investment policy that would further limit its investment choices. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The investments table shows the Standard and Poor's ratings.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits 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 it may invest in any one issuer.

The School District has investments in the amount of \$2,583,343 being held by US Bank, which consists of Commercial Paper, Money Market Mutual Funds, and Negotiable Certificates of Deposit. These investments are restricted in their use for the Ohio School Facilities Commission Project and are included in the investment table on the previous page. The School District also has investments in the amount of \$1,217,865 being held by People's Bank, which consists of Negotiable Certificates of Deposit, Money Market Mutual Funds, and US Treasury notes. These investments are restricted in their use due to the endowment and are included in the preceding investment table.

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2022 on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Clinton and Highland Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023 are available to finance fiscal year 2023 operations.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows - property taxes.

The amounts available as an advance at June 30, 2023 were \$258,749 in the General Fund, \$77,604 in the Debt Service Fund, \$23,234 in the Permanent Improvement Fund, and \$6,700 in the Classroom Facilities Fund.

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

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

	2022 Second- Half Collections		2023 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$170,446,940	95.80%	\$169,545,370	95.36%
Public Utility	7,469,840	4.20%	8,252,930	4.64%
Total Assessed Value	<u>\$177,916,780</u>	<u>100.00%</u>	<u>\$177,798,300</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$38.70		\$38.70	

**Note 7 – Receivables**

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Receivables at June 30, 2023 consisted of interfund, intergovernmental grants, and property taxes. All receivables, except delinquent property taxes, are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable conditions of State programs, and the current year guarantee of federal funds. All receivables, except for delinquent property taxes and Ohio Facilities Construction Commission Grant monies, are expected to be collected within one year. Ohio Facilities Construction Commission Grant monies will be collected over the life of the construction of new facilities. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<u>Governmental Activities:</u>	
Ohio Facilities Construction Commission	\$995,192
Elementary and Secondary School	
Emergency Relief	72,337
Special Education	61,624
Title I	111,221
IDEA Preschool	414
Total Intergovernmental Receivables	<u><u>\$1,240,788</u></u>

**Note 8 - Capital Assets**

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

	<u>Balance at</u> <u>6/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at</u> <u>6/30/23</u>
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$452,753	\$0	\$0	\$452,753
Construction in Progress	12,219,542	16,312,849	0	28,532,391
Total Capital Assets Not Being Depreciated	<u>12,672,295</u>	<u>16,312,849</u>	<u>0</u>	<u>28,985,144</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	24,215,485	0	0	24,215,485
Furniture, Fixtures and Equipment	3,507,332	139,017	0	3,646,349
Vehicles	1,518,916	0	0	1,518,916
Total Capital Assets Being Depreciated	<u>29,241,733</u>	<u>139,017</u>	<u>0</u>	<u>29,380,750</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(16,591,498)	(541,636)	0	(17,133,134)
Furniture, Fixtures and Equipment	(2,752,552)	(135,843)	0	(2,888,395)
Vehicles	(1,261,914)	(72,679)	0	(1,334,593)
Total Accumulated Depreciation	<u>(20,605,964)</u>	<u>(750,158) *</u>	<u>0</u>	<u>(21,356,122)</u>
Total Capital Assets Being Depreciated, Net	<u>8,635,769</u>	<u>(611,141)</u>	<u>0</u>	<u>8,024,628</u>
Governmental Activities Capital Assets, Net	<u><u>\$21,308,064</u></u>	<u><u>\$15,701,708</u></u>	<u><u>\$0</u></u>	<u><u>\$37,009,772</u></u>

\* Depreciation expense was charged to governmental functions as follows:

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
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Instruction:	
Regular	\$476,343
Special	277
Vocational	2,626
Support Services:	
Instructional Staff	21,249
Administration	4,139
Operation and Maintenance of Plant	117,163
Pupil Transportation	97,275
Operation of Non-Instructional Services	4,600
Extracurricular Activities	26,486
Total Depreciation Expense	\$750,158

**Note 9 - Risk Management**

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**Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with Arthur J. Gallagher & Co. for property and fleet insurance and liability insurance.

Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant changes in coverage during the fiscal year.

**Workers' Compensation**

For fiscal year 2023, the School District participated in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience, and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Sedgwick Inc. provides administrative, cost control, and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

**Medical and Dental Benefits**

For fiscal year 2023, the School District participated in the Southwestern Ohio Educational Purchasing Council and Medical Insurance and Benefit Plan Trust, a public entity shared risk pool (Note 15). The School District pays monthly premiums to the Trust for employee medical and dental insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.



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**Note 10 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

**Plan Description - School Employees Retirement System (SERS)**

**Plan Description**

District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information

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about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% 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% and with a floor of 0.0%. 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% COLA for calendar year 2023.

**Funding Policy**

Plan members are required to contribute 10.0% of their annual covered salary and the District is required to contribute 14.0% 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 10.0% for plan members and 14.0% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$396,024 for fiscal year 2023. Of this amount \$65,562 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone

**East Clinton Local School District**  
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financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://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% 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 0.0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3.0% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in 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 and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% 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, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District’s contractually required contribution to STRS was \$976,416 for fiscal year 2023. Of this amount \$162,736 is reported as accrued wages and benefits.

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

The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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>
Proportionate Share of the Net Pension Liability	\$3,655,701	\$11,713,838	\$15,369,539
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06758830%	0.05269353%	
Prior Measurement Date	<u>0.06762650%</u>	<u>0.05258361%</u>	
Change in Proportionate Share	-0.00003820%	0.00010992%	
Pension Expense	\$126,167	\$1,348,176	\$1,474,343

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	148,060	149,952	\$298,012
Changes of assumptions	36,071	1,401,794	1,437,865
Net difference between projected and actual earnings on pension plan investments	0	407,616	407,616
Changes in employer proportionate share of net pension liability	0	85,137	85,137
Contributions subsequent to the measurement date	396,024	976,416	1,372,440
Total Deferred Outflows of Resources	<u>\$580,155</u>	<u>\$3,020,915</u>	<u>\$3,601,070</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	23,999	44,809	\$68,808
Changes of assumptions	0	1,055,148	1,055,148
Net difference between projected and actual earnings on pension plan investments	127,567	0	127,567
Changes in employer proportionate share of net pension liability	7,320	73,127	80,447
Total Deferred Inflows of Resources	<u>\$158,886</u>	<u>\$1,173,084</u>	<u>\$1,331,970</u>

\$1,372,440 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$8,497	\$37,049	\$45,546
2025	(\$13,016)	(\$54,301)	(67,317)
2026	(\$182,233)	(\$299,306)	(481,539)
2027	\$211,997	\$1,187,973	1,399,970
Total	<u>\$25,245</u>	<u>\$871,415</u>	<u>\$896,660</u>

**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

**East Clinton Local School District**  
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members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

**Discount Rate**

The total pension liability for 2022 was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the 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%, 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$5,381,017	\$3,655,701	\$2,202,145

**Actuarial Assumptions - STRS**

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

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	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on age	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

\* Final target weights reflected October 1, 2022.



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\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, 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% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the 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%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$17,695,345	\$11,713,838	\$6,655,335

**Changes Between the Measurement Date and the Reporting Date**

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

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**Note 11 - Defined Benefit OPEB Plans**

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

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description**

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$53,903.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$53,903 for fiscal year 2023.

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**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://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 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	971,275	\$0	\$971,275
Proportionate Share of the Net OPEB (Asset)	0	(1,364,411)	(1,364,411)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06917860%	0.05269353%	
Prior Measurement Date	<u>0.07006440%</u>	<u>0.05258361%</u>	
Change in Proportionate Share	-0.00088580%	0.00010992%	
OPEB Expense	(80,955)	(237,868)	(\$318,822)

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$8,165	\$19,780	\$27,945
Changes of assumptions	154,494	58,119	212,613
Net difference between projected and actual earnings on OPEB plan investments	5,048	23,751	28,799
Changes in employer proportionate share of net OPEB liability	61,792	20,592	82,384
Contributions subsequent to the measurement date	53,903	0	53,903
<b>Total Deferred Outflows of Resources</b>	<b>\$283,402</b>	<b>\$122,242</b>	<b>\$405,644</b>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$621,299	\$204,910	\$826,209
Changes of assumptions	398,715	967,500	1,366,215
Changes in employer proportionate share of net OPEB liability	79,135	2,115	81,250
<b>Total Deferred Inflows of Resources</b>	<b>\$1,099,149</b>	<b>\$1,174,525</b>	<b>\$2,273,674</b>

\$53,903 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(172,368)	(304,936)	(\$477,304)
2025	(191,835)	(298,976)	(490,811)
2026	(185,803)	(146,009)	(331,812)
2027	(121,568)	(61,116)	(182,684)
2028	(77,734)	(79,721)	(157,455)
Thereafter	(120,342)	(161,525)	(281,867)
<b>Total</b>	<b>(\$869,650)</b>	<b>(\$1,052,283)</b>	<b>(\$1,921,933)</b>

**Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time

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of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2042
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		
Medicare	5.125% to 4.40%	5.125% to 4.40%
Pre-Medicare	6.75% to 4.40%	6.75% to 4.40%
Medical Trend Assumption	7.00% to 4.40%	7.00% to 4.40%

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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% 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% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

**Discount Rate**

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

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**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	\$1,206,338	\$971,275	\$781,515
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$749,027	\$971,275	\$1,261,566

**Actuarial Assumptions - STRS**

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

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 12.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale

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MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

\* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, 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 actual rate of return, without net value added by management.

**Discount Rate**

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



**East Clinton Local School District**  
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**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, 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%) or one percentage point higher (8.00%) 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%)
Proportionate share of the net OPEB (asset)	(\$1,261,362)	(\$1,364,411)	(\$1,452,681)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,415,226)	(\$1,364,411)	(\$1,300,269)

**Changes Between the Measurement Date and the Reporting Date**

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.

**Note 12 - Employee Benefits**

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**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified and administrative employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees at the end of each fiscal year. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to an unlimited number of days. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 60 days.

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**Insurance Benefits**

The School District provides life insurance to all employees, except substitutes, through Unum Life Insurance Company of America, and pays 100 percent of the premium.

**Retirement Incentive**

The School District offers a retirement incentive for certified employees who retire in the fiscal year in which they are first eligible. Eligible employees receive 75% of their final annual salary paid over two (2) fiscal years. The first payment shall be made within 60 days of the Treasurer’s receipt of written confirmation from STRS that the employee is retired and receiving STRS benefits. The second payment shall be made within thirty (30) days of the start of the next fiscal year.

**Note 13 - Long-Term Obligations**

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

	Amount Outstanding 6/30/2022	Additions	Deductions	Amount Outstanding 6/30/2023	Amounts Due in One Year
<b><u>Governmental Activities:</u></b>					
Direct Placement:					
Energy Conservation Bonds 2010	\$130,000	\$0	\$40,000	\$90,000	\$45,000
General Obligations Bonds:					
2019 School Facilities Improvement Bonds, Series 2019 A 3.0% to 4.0%					
Serial & Term Bonds	8,610,000	0	225,000	8,385,000	230,000
Unamortized Premium	685,897	0	28,284	657,613	0
2019 School Facilities Improvement Bonds, Series 2019 B 2.0% to 4.0%					
Serial & Term Bonds	6,550,000	0	175,000	6,375,000	180,000
Unamortized Premium	442,316	0	18,240	424,076	0
Total General Obligation Bonds	<u>16,288,213</u>	<u>0</u>	<u>446,524</u>	<u>15,841,689</u>	<u>410,000</u>
<b><u>Other Long-Term Obligations:</u></b>					
Net Pension Liability:					
SERS	2,495,222	1,160,479	0	3,655,701	0
STRS	6,723,287	4,990,551	0	11,713,838	0
Total Net Pension Liability	<u>9,218,509</u>	<u>6,151,030</u>	<u>0</u>	<u>15,369,539</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,326,027	0	354,752	971,275	0
Compensated Absences	540,857	43,380	27,428	556,809	58,536
Total - Governmental Activities Long-term Obligations	<u>\$27,503,606</u>	<u>\$6,194,410</u>	<u>\$868,704</u>	<u>\$32,829,312</u>	<u>\$513,536</u>

**Energy Conservation Bonds 2010**

On February 5, 2010, the School District issued \$595,000 in energy conservation bonds for the purpose of making energy efficient upgrades. The bonds were issued for a 15-year period with final maturity in December 2024. These bonds were directly placed. The bonds will be retired from the General Fund.

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2019 School Facilities Improvement Bonds Series 2019A

On October 3, 2019, the School District issued \$9,220,000 in general obligation bonds for the purpose of paying off the remaining portion of the 2018 and 2019 School Improvement bond anticipation notes. The bond issue included serial and term bonds, in the amount of \$6,065,000 and \$3,155,000, respectively. The bonds were issued for a 27 year period with final maturity at December 1, 2046. The bonds will be retired from the Debt Service Fund.

2019 School Facilities Improvement Bonds Series 2019B

On October 22, 2019, the School District issued \$7,015,000 in general obligation bonds for the purpose of paying off the remaining portion of the 2018 and 2019 School Improvement bond anticipation notes. The bond issue included serial and term bonds, in the amount of \$2,710,000 and \$4,305,000, respectively. The bonds were issued for a 27 year period with final maturity at December 1, 2046. The bonds will be retired from the Debt Service Fund.

There is no repayment schedule for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: General, Food Service, IDEA Part B, Title I, and Class Reduction. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11. Compensated absences will be paid from the General Fund.

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

Fiscal Year Ending June 30,	Direct Placement			General Obligation Bonds		
	Energy Conservation Bonds 2010			Serial/Term Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$45,000	\$878	\$45,878	\$410,000	\$460,100	\$870,100
2025	45,000	292	45,292	425,000	444,425	869,425
2026	0	0	0	440,000	430,263	870,263
2027	0	0	0	455,000	414,500	869,500
2028	0	0	0	470,000	396,000	866,000
2029-2033	0	0	0	2,625,000	1,720,275	4,345,275
2034-2038	0	0	0	3,085,000	1,264,425	4,349,425
2039-2043	0	0	0	3,575,000	765,975	4,340,975
2044-2047	0	0	0	3,275,000	200,025	3,475,025
Total	\$90,000	\$1,170	\$91,170	\$14,760,000	\$6,095,988	\$20,855,988

**Note 14 - Interfund Activity**

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

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Payable	Receivable	
		General
Nonmajor Governmental Funds		\$42,733
Total		\$42,733

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

Transfers from the General Fund made during the fiscal year ended June 30, 2023, amounted to \$55,000 to nonmajor special revenue fund support programs accounted for in that fund.

**Note 15 - Jointly Governed Organizations, Insurance Purchasing Pool, and Public Entity Shared Risk Pool**

**Jointly Governed Organizations**

*Miami Valley Educational Computer Association*

The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Highland, and Madison Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts, except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The Board exercises total control over the operations of the consortium including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid MVECA \$198,567 for services provided during fiscal year 2023. Financial information can be obtained from the Treasurer, at 330 East Enon Road, Yellow Springs, Ohio 45387.

*Great Oaks Institute of Technology and Career Development*

The Great Oaks Institute of Technology and Career Development is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possess its own budgetary and taxing authority. Great Oaks offers career technical programs to high school juniors and seniors of the School District. The Board exercises total control over the operations of Great Oaks Institute of Technology and Career Development including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. To obtain financial information, write to the Great Oaks Institute of Technology and Career Development, 3254 E. Kemper Road, Cincinnati, OH 45241-1581.

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*Southern Buckeye Athletic and Academic Conference*

The Southern Buckeye Athletic and Academic Conference provides athletic and academic events for the students of the participating school districts. The governing board consists of each participating school district's superintendent. The Southern Buckeye Athletic and Academic Conference does not acquire financial resources, and in no way will it cause financial stress to the School District.

*Southwestern Ohio Educational Purchasing Council*

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 180 school districts and educational service centers in 26 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Payments to the SOEPC are made from the General Fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Insurance Purchasing Pool**

*Ohio SchoolComp Workers' Compensation Group Rating Plan*

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

**Public Entity Shared Risk Pool**

*Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust*

The Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

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**Note 16 - Set-Aside Calculation**

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

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

	<u>Capital</u> <u>Acquisitions</u>
Set-aside Balance as of June 30, 2022	\$0
Current Fiscal Year Set-aside Requirement	272,921
Current Fiscal Year Offsets	<u>(272,921)</u>
<i>Set-aside Balance as of June 30, 2023</i>	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

**Note 17 – Significant Commitments**

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**Contractual Commitments**

The outstanding construction commitments at June 30, 2023, are:

<u>Contractor</u>	<u>Contract</u> <u>Amount</u>	<u>Amount</u> <u>Expended</u>	<u>Balance at</u> <u>6/30/2023</u>
Elevar Design Group Inc.	\$2,509,856	\$2,024,626	\$485,230
Hill International	\$353,563	\$311,458	42,105
Four Seasons Environmental	155,696	62,903	92,793
Action Contractors Sabina Elementary	3,891,407	3,594,813	296,594
Action Contractors New Vienna Elemenatry	3,672,350	3,524,225	148,125
Monarch Construction	22,028,067	15,711,622	6,316,445
Total	<u><u>\$32,610,939</u></u>	<u><u>\$25,229,647</u></u>	<u><u>\$7,381,292</u></u>

**Note 18 – Endowments**

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The School District’s permanent funds include donor-restricted endowments. The Net Position-Non-Expendable amounts of \$465,997 represent the principal portion of the endowments. The Net Position – Expendable amount of \$57,684 represents the interest earnings on donor- restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment’s intent. State law permits the governing board to appropriate, for purposes consistent with the

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endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

**Note 19 – Fund Balances**

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

Fund Balances	General Fund	Permanent Improvement Fund	Building Fund	Classroom Facilities Construction Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable:</b>						
Endowment Fund - Library Materials & Services	\$0	\$0	\$0	\$0	\$300,000	\$300,000
Endowment Fund - Scholarships				0	165,997	165,997
Prepays	10,439	0	0	0	1,558	11,997
Inventory	0	0	0	0	0	0
<b>Total Nonspendable</b>	<b>10,439</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>467,555</b>	<b>477,994</b>
<b>Restricted for:</b>						
Capital Improvements	0	1,092,462	0	4,109,610	0	5,202,072
Debt Payments	0	0	0	0	1,474,396	1,474,396
Classroom Facilities	0	0	0	0	760,135	760,135
Food Service Operations	0	0	0	0	912,526	912,526
District Managed Activities	0	0	0	0	44,058	44,058
Fine Arts Activities	0	0	0	0	36,787	36,787
Federal and State Grants	0	0	0	0	7,226	7,226
Student Managed Activities	0	0	0	0	34,684	34,684
Disadvantaged Student and Outdoor Learning Area	0	0	0	0	300,000	300,000
Library Materials & Services	0	0	0	0	43,647	43,647
Scholarships	0	0	0	0	14,037	14,037
<b>Total Restricted</b>	<b>0</b>	<b>1,092,462</b>	<b>0</b>	<b>4,109,610</b>	<b>3,627,496</b>	<b>8,829,568</b>
<b>Committed to:</b>						
Underground Storage	11,000	0	0	0	0	11,000
Termination Benefits	137,041	0	0	0	0	137,041
<b>Total Committed</b>	<b>148,041</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>148,041</b>
<b>Assigned to:</b>						
Public School Purposes	46,695	0	0	0	0	46,695
Future Appropriations	1,652,705	0	0	0	0	1,652,705
Capital Improvements	0	1,454,022	0	0	0	1,454,022
<b>Total Assigned</b>	<b>1,699,400</b>	<b>1,454,022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,153,422</b>
<b>Unassigned (Deficit):</b>	<b>2,559,553</b>	<b>0</b>	<b>(915,492)</b>	<b>0</b>	<b>(78,765)</b>	<b>1,565,296</b>
<b>Total Fund Balances (Deficit)</b>	<b>\$4,417,433</b>	<b>\$2,546,484</b>	<b>(\$915,492)</b>	<b>\$4,109,610</b>	<b>\$4,016,286</b>	<b>\$14,174,321</b>

**East Clinton Local School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 20 – Contingencies**

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**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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

**School Foundation**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**Litigation**

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



# **REQUIRED SUPPLEMENTARY INFORMATION**

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East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years (1)

<u>Year</u>	<u>District's Proportion of the Net Pension Liability</u>	<u>District's Proportionate Share of the Net Pension Liability</u>	<u>District's Covered Payroll</u>	<u>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2023	0.06758830%	\$3,655,701	\$2,523,343	144.88%	75.82%
2022	0.06762650%	2,495,222	2,432,357	102.58%	82.86%
2021	0.06804541%	4,500,667	2,385,521	188.67%	68.55%
2020	0.07168830%	4,289,237	2,267,415	189.17%	70.85%
2019	0.07159559%	4,100,412	2,313,230	177.26%	71.36%
2018	0.06357969%	3,798,746	2,246,729	169.08%	69.50%
2017	0.06612030%	4,839,396	1,939,171	249.56%	62.98%
2016	0.06588870%	3,759,673	1,995,036	188.45%	69.16%
2015	0.06586000%	3,333,137	2,125,344	156.83%	71.70%
2014	0.06586000%	3,916,483	2,072,786	188.95%	65.52%

(1) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$396,024	(\$396,024)	\$0	\$2,828,743	14.00%
2022	353,268	(353,268)	0	2,523,343	14.00%
2021	340,530	(340,530)	0	2,432,357	14.00%
2020	333,973	(333,973)	0	2,385,521	14.00%
2019	306,101	(306,101)	0	2,267,415	13.50%
2018	312,286	(312,286)	0	2,313,230	13.50%
2017	314,542	(314,542)	0	2,246,729	14.00%
2016	271,484	(271,484)	0	1,939,171	14.00%
2015	262,946	(262,946)	0	1,995,036	13.18%
2014	294,573	(294,573)	0	2,125,344	13.86%

See accompanying notes to the required supplementary information.

East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years (1)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.05269353%	\$11,713,838	\$6,892,279	169.96%	78.88%
2022	0.05258361%	6,723,287	6,507,500	103.32%	87.80%
2021	0.05222910%	12,637,584	7,188,750	175.80%	75.50%
2020	0.05312032%	11,747,240	5,520,579	212.79%	77.40%
2019	0.05253584%	11,551,451	6,046,214	191.05%	77.31%
2018	0.05095653%	12,104,834	5,533,443	218.76%	75.30%
2017	0.05111343%	17,109,206	5,941,914	287.94%	66.80%
2016	0.04984883%	13,776,758	5,207,679	264.55%	72.10%
2015	0.05124355%	12,464,205	5,187,300	240.28%	74.70%
2014	0.05124355%	14,847,279	4,456,846	333.13%	69.30%

(1) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$976,416	(\$976,416)	\$0	\$6,974,400	14.00%
2022	964,919	(964,919)	0	6,892,279	14.00%
2021	911,050	(911,050)	0	6,507,500	14.00%
2020	1,006,425	(1,006,425)	0	7,188,750	14.00%
2019	772,881	(772,881)	0	5,520,579	14.00%
2018	846,470	(846,470)	0	6,046,214	14.00%
2017	774,682	(774,682)	0	5,533,443	14.00%
2016	831,868	(831,868)	0	5,941,914	14.00%
2015	729,075	(729,075)	0	5,207,679	14.00%
2014	674,349	(674,349)	0	5,187,300	13.00%

See accompanying notes to the required supplementary information.

East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.06917860%	\$971,275	\$2,523,343	38.49%	30.34%
2022	0.07006440%	1,326,026	2,432,357	54.52%	24.08%
2021	0.07066660%	1,535,816	2,385,521	64.38%	18.17%
2020	0.07347520%	1,847,748	2,267,415	81.49%	15.57%
2019	0.07247840%	2,010,747	2,313,230	86.92%	13.57%
2018	0.06469740%	1,736,308	2,246,729	77.28%	12.46%
2017	0.06704290%	1,910,971	1,939,171	98.55%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Eight Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$53,903	(\$53,903)	\$0	\$2,828,743	1.91%
2022	45,530	(45,530)	0	2,523,343	1.80%
2021	46,546	(46,546)	0	2,432,357	1.91%
2020	45,663	(45,663)	0	2,385,521	1.91%
2019	56,225	(56,225)	0	2,267,415	2.48%
2018	50,032	(50,032)	0	2,313,230	2.16%
2017	36,088	(36,088)	0	2,246,729	1.61%
2016	34,084	(34,084)	0	1,939,171	1.76%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information

East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2023	0.05269353%	(\$1,364,411)	\$6,892,279	(19.80%)	230.73%
2022	0.05258361%	(1,108,682)	6,507,500	(17.04%)	174.73%
2021	0.05222910%	(917,926)	7,188,750	(12.77%)	182.13%
2020	0.05312032%	(879,800)	5,520,579	(15.94%)	174.74%
2019	0.05253584%	(844,197)	6,046,214	(13.96%)	176.00%
2018	0.05095653%	1,988,134	5,533,443	35.93%	47.10%
2017	0.05111343%	2,733,560	5,941,914	46.00%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.



East Clinton Local School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Eight Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$0	\$0	\$0	\$6,974,400	0.00%
2022	0	0	0	6,892,279	0.00%
2021	0	0	0	6,507,500	0.00%
2020	0	0	0	7,188,750	0.00%
2019	0	0	0	5,520,579	0.00%
2018	0	0	0	6,046,214	0.00%
2017	0	0	0	5,533,443	0.00%
2016	0	0	0	5,941,914	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

East Clinton Local School District  
Required Supplementary Information  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$3,364,741	\$3,445,883	\$3,445,883	\$0
Tuition and Fees	230,878	236,446	236,446	0
Investment Earnings	355,406	363,977	363,977	0
Intergovernmental	9,511,267	9,740,635	9,740,635	0
Other Revenues	80,536	82,478	82,478	0
Total Revenues	<u>13,542,828</u>	<u>13,869,419</u>	<u>13,869,419</u>	<u>0</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,766,305	5,692,994	5,692,994	0
Special	2,806,939	2,771,252	2,771,252	0
Other	303,978	300,113	300,113	0
Support Services:				
Pupil	1,100,131	1,086,144	1,086,144	0
Instructional Staff	624,651	616,709	616,709	0
General Administration	71,940	71,025	71,025	0
School Administration	1,209,219	1,193,845	1,193,845	0
Fiscal	478,780	472,693	472,693	0
Business	113,244	111,804	111,804	0
Operations and Maintenance	1,492,411	1,473,437	1,473,437	0
Pupil Transportation	1,122,562	1,108,290	1,108,290	0
Central	4,381	4,325	4,325	0
Extracurricular Activities	340,614	336,284	336,284	0
Operation of Non-Instructional Services	760	750	750	0
Capital Outlay	55,607	54,900	54,900	0
Debt Service:				
Principal Retirement	40,000	40,000	40,000	0
Interest and Fiscal Charges	1,430	1,430	1,430	0
Total Expenditures	<u>15,532,952</u>	<u>15,335,995</u>	<u>15,335,995</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,990,124)</u>	<u>(1,466,576)</u>	<u>(1,466,576)</u>	<u>0</u>
Other financing sources (uses):				
Proceeds from Sale of Capital Assets	165,271	169,257	169,257	0
Transfers (Out)	(106,352)	(105,000)	(105,000)	0
Total Other Financing Sources (Uses)	<u>58,919</u>	<u>64,257</u>	<u>64,257</u>	<u>0</u>
Net Change in Fund Balance	(1,931,205)	(1,402,319)	(1,402,319)	0
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>7,180,567</u>	<u>7,180,567</u>	<u>7,180,567</u>	<u>0</u>
Fund Balance - End of Year	<u>\$5,249,362</u>	<u>\$5,778,248</u>	<u>\$5,778,248</u>	<u>\$0</u>

See accompanying notes to the required supplementary information.

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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**Note 1 - Budgetary Process**

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All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal year 2023, the School District amended its budget at several times, however none were significant.

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 on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2023.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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being reported alone (budget basis).

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

	General
GAAP Basis	(\$1,605,925)
Revenue Accruals	68,513
Expenditure Accruals	185,093
Transfers Out	(50,000)
Budget Basis	(\$1,402,319)

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to 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, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
  - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
  - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
  - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (2) Investment Rate of Return:

Prior Measurement Date	7.50%
Measurement Date	7.00%

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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- (3) Assumed Rate of Inflation:
  - Prior Measurement Date 3.00%
  - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
  - Prior Measurement Date 3.50%
  - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
  - Prior Measurement Date 0.50%
  - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
  - Prior Measurement Date 2.45%
  - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 2.63%
  - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
  - a. 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% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
  - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
  - Prior Measurement Date 3.22%
  - Measurement Date 2.63%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.13%
  - Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.22%
  - Measurement Date 2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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Prior Measurement Date	3.70%
Measurement Date	3.22%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and



**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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- (7) Mortality among disabled members was updated to 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.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**Changes in Assumptions:**

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

**East Clinton Local School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

**EAST CLINTON LOCAL SCHOOL DISTRICT  
CLINTON COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Revenues</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Cash Assistance:				
National School Breakfast Program	10.553	3L70	152,719	152,719
Total National School Breakfast Program:			<u>152,719</u>	<u>152,719</u>
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	3L60	59,487	59,487
National School Lunch Program	10.555	3L60	319,842	481,631
COVID-19 Supply Chain Assistance	10.555	3L60	35,274	34,677
Total National School Lunch Program:			<u>414,603</u>	<u>575,795</u>
<b>Total Child Nutrition Cluster</b>			567,322	728,514
<b>COVID-19 P-EBT Administrative Costs</b>	10.649	3HF0	628	628
<b>Total U.S. Department of Agriculture</b>			<u><b>567,950</b></u>	<u><b>729,142</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States - IDEA Part B	84.027A	3M20-22	57,704	57,718
Special Education Grants to States - IDEA Part B	84.027A	3M20-23	274,661	274,299
COVID-19 Special Education - IDEA Part B	84.027X	3M20-23	57,394	56,372
Total Special Education Grants to States - IDEA Part B			<u>389,759</u>	<u>388,389</u>
Special Education Preschool Grants - IDEA Preschool	84.173A	3C50-22	13,580	2,112
Special Education Preschool Grants - IDEA Preschool	84.173A	3C50-23	11,982	12,396
COVID-19 Special Education Preschool Grant	84.173X	3C50-23	4,874	4,874
Total Special Education Preschool Grants - IDEA Preschool			<u>30,436</u>	<u>19,382</u>
<b>Total Special Education Grants to State Cluster</b>			420,195	407,771
Title 1 Grants to Local Educational Agencies	84.010A	3M00-22	11,814	11,854
Title 1 Grants to Local Educational Agencies	84.010a	3M00-23	302,265	300,974
Title 1 Grants to Local Educational Agencies - School Quality Grant	84.010A	3M00-23	59,600	80,210
Title 1 Grants to Local Educational Agencies - Expanding Opportunities	84.010A	3M00-23	1,384	24,384
<b>Total Title Grants to Local Educational Agencies</b>			<u>375,063</u>	<u>417,422</u>
COVID-19 Elementary and Secondary School Emergency - ESSER I	84.425D	3HSO-I-22	8,977	6,337
COVID-19 Elementary and Secondary School Emergency - ESSER II	84.425D	3HSO-II-23	7,746	7,746
COVID-19 Elementary and Secondary School Emergency - ARP ESSER	84.425U	3HSO-ARP-22	80,345	39,428
COVID-19 Elementary and Secondary School Emergency - ARP ESSER	84.425U	3HSO-ARP-23	369,888	369,366
<b>Total ESSER Funds</b>			<u>466,956</u>	<u>422,877</u>
<b>Total U.S. Department of Education</b>			<u><b>1,262,214</b></u>	<u><b>1,248,070</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$1,830,164</b></u>	<u><b>\$1,977,212</b></u>

The accompanying notes are an integral part of this schedule.

**EAST CLINTON LOCAL SCHOOL DISTRICT  
CLINTON COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F – TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2023, the District made allowable transfers of \$43,485.03 from the Title II-A Improving Teacher Quality (84.367) program and \$28,746.35 from the Title IV-A Student Support and Academic Enrichment (84.424) program to the Title I (84.010) program. The Schedule shows the district spent \$0 on the Title II-A Improving Teacher Quality program and \$0 on the Title IV-A Student Support and Academic Enrichment program. The amounts reported for the Title II-A Improving Teacher Quality program and Title IV-A Student Support and Academic Enrichment program on the Schedule exclude the amounts transferred to the Title I program. The amounts transferred to the Title I program are included as Title I expenditures when disbursed.



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

East Clinton Local School District  
Clinton County  
97 Astro Way  
Sabina, Ohio 45169

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Clinton Local School District, Clinton County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 12, 2024.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

### ***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 12, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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

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

East Clinton Local School District  
Clinton County  
97 Astro Way  
Sabina, Ohio 45169

To the Board of Education:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

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

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

#### ***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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



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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 12, 2024

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**EAST CLINTON LOCAL SCHOOL DISTRICT  
CLINTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None.

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

None.



# OHIO AUDITOR OF STATE KEITH FABER



**EAST CLINTON LOCAL SCHOOL DISTRICT**

**CLINTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 3/26/2024**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)