



**bhm cpa group, inc.**  
CERTIFIED PUBLIC ACCOUNTANTS

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HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

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OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Hamilton Local School District  
775 Rathmell Rd  
Columbus, OH 43207

We have reviewed the *Independent Auditor's Report* of Hamilton Local School District, Franklin County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**March 14, 2024**

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**Hamilton Local School District**  
**Franklin County**  
For the Year Ended June 30, 2023  
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**Hamilton Local School District**  
**Pike County**  
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**INDEPENDENT AUDITOR'S REPORT**

Hamilton Local School District  
Franklin County  
775 Rathmell Road  
Columbus, Ohio 43207

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 Hamilton Local School District, Franklin County, Ohio (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 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 Hamilton Local School District, Franklin County, Ohio as of June 30, 2023, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and ESSER Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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

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

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

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

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

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

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



**Required Supplementary Information**

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

**Supplementary information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 January 19, 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.



BHM CPA Group, Inc.  
Piketon, Ohio  
January 19, 2024

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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As management of the Hamilton Local School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023.

### **Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$50.6 million (net position).
- The District's total net position increased by \$5.5 million during the fiscal year.
- As of the close of the fiscal year, the District's general fund balance totaled \$36.6 million, a \$4.7 million increase in comparison with the prior fiscal year. Of this total amount, \$33.6 million is available for spending at the District's discretion (unassigned fund balance).

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

#### **Government-wide financial statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one category: governmental funds.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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*Governmental Funds*

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains 21 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund and ESSER fund, each of which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the basic financial statements**

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

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

**Government-wide Financial Analysis**

*Governmental Activities*

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the most recent fiscal year.

**Net Position**  
**Governmental Activities**

	2023	Restated 2022	Change
Current and Other Assets	\$ 53,883,290	\$ 48,365,421	\$ 5,517,869
Capital Assets, Net	53,648,371	54,858,916	(1,210,545)
Total Assets	107,531,661	103,224,337	4,307,324
Deferred Amount on Refunding	-	23,574	(23,574)
Pension	7,923,840	8,263,045	(339,205)
OPEB	687,647	844,905	(157,258)
Total Deferred Outflows of Resources	8,611,487	9,131,524	(520,037)
Current Liabilities	3,743,292	3,231,123	512,169
Long-Term Liabilities:			
Due Within One Year	1,634,767	1,718,475	(83,708)
Due Later One Year:			
Net Pension Liability	32,407,277	19,968,461	12,438,816
Net OPEB Liability	1,413,573	2,103,752	(690,179)
Other Amounts Due Later One Year	12,842,250	14,501,762	(1,659,512)
Total Liabilities	52,041,159	41,523,573	10,517,586
Property Taxes	5,280,268	5,125,961	154,307
Pension	3,543,371	16,151,467	(12,608,096)
OPEB	4,717,887	4,486,091	231,796
Total Deferred Inflows of Resources	13,541,526	25,763,519	(12,221,993)
Net Investment in Capital Assets	40,909,937	40,955,970	(46,033)
Restricted	5,629,883	5,394,291	235,592
Unrestricted	4,020,643	(1,281,492)	5,302,135
Total Net Position	\$ 50,560,463	\$ 45,068,769	\$ 5,491,694

There was a significant change in net pension/OPEB liability (asset) for the District. These fluctuations are due to changes in the retirement systems unfunded liabilities/assets that are passed through to the District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows, net OPEB asset and noncurrent liabilities are described in more detail in their respective notes.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

Current and other assets increased in comparison with the prior fiscal year. This increase is primarily the result of an increase in cash and cash equivalents. COVID-19 funding is the key component of this increase.

Capital assets decreased significantly in comparison with the prior fiscal year-end. This decrease is primarily the result of current year depreciation and disposals exceeding current year additions. In addition, during the fiscal year, the District increased their capital assets threshold from \$1,500 to \$5,000.

A significant portion of the District's net position reflects its investment in capital assets (e.g. land, buildings, furniture and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The District uses these assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used.

Total net position of the District increased. Key elements of the District's net position increase are as follows:

	<b>Changes in Net Position</b>		
	<b>Governmental Activities</b>		
Revenues:	2023	2022	Change
Program Revenues			
Charges for Services	\$ 1,153,137	\$ 707,352	\$ 445,785
Operating Grants	8,393,150	8,667,637	(274,487)
Capital Grants and Contributions	-	439,634	(439,634)
Total Program Revenues	<u>9,546,287</u>	<u>9,814,623</u>	<u>(268,336)</u>
General Revenues			
Property Taxes	9,895,482	10,177,622	(282,140)
Payment in Lieu of Taxes	593,572	92,814	500,758
Grants and Entitlements	23,749,044	23,694,365	54,679
Investment Earnings	138,960	(901,457)	1,040,417
Other Revenue	73,785	71,542	2,243
Total General Revenue	<u>34,450,843</u>	<u>33,134,886</u>	<u>1,315,957</u>
Total Revenues	<u>43,997,130</u>	<u>42,949,509</u>	<u>1,047,621</u>
Expenses:			
Program Expenses			
Instruction	22,502,303	19,879,998	2,622,305
Support Services	12,604,511	10,727,712	1,876,799
Non-Instructional	1,660,175	1,471,247	188,928
Extracurricular Activities	1,452,135	1,203,790	248,345
Interest and Fiscal Charges	286,312	414,441	(128,129)
Total Expenses	<u>38,505,436</u>	<u>33,697,188</u>	<u>4,808,248</u>
Changes in Net Position	<u>5,491,694</u>	<u>9,252,321</u>	<u>(3,760,627)</u>
Net Position at Beginning of Year, as Restated	<u>45,068,769</u>	N/A	
Net Position at End of Year	<u>\$ 50,560,463</u>	<u>\$ 45,068,769</u>	

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

Instructional and support service expenses increased significantly in comparison with the prior fiscal year. This increase is primarily the result of increases in pension expenses and OPEB accruals.

Investment earnings increased significantly in comparison with the prior fiscal year. This increase is primarily the result of a significant increase in interest rates for the District's investments.

Capital Grants and Contributions decreased in comparison with the prior fiscal year. This decrease is due to the District using grants in the prior fiscal year for projects.

**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

*Governmental Funds*

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds fund balance increase in comparison with the prior year.

The schedule below indicates the fund balance and the total change in fund balance by major fund as of June 30, 2023 and 2022.

	Fund Balance 6/30/2023	Fund Balance 6/30/2022	Increase (Decrease)
General Fund	\$ 36,586,502	\$ 31,862,823	\$ 4,723,679
ESSER Fund	(320,124)	(294,920)	(25,204)

*General Fund* - The general fund is the chief operating fund of the District. Interest increased significantly in comparison with the prior fiscal year. This increase is the result of an increase in the interest rate of the District's investments in comparison with the prior fiscal year.

*ESSER Fund* – Fund balance in the ESSER Fund decreased in comparison with the prior fiscal year. This decrease represents the increase in unavailable revenues compared with the prior fiscal year-end.

**General Fund Budget Information**

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, actual revenues were significantly higher than final and original estimated resources as a result of higher than expected property tax revenue.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*

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The original and final appropriations had an insignificant difference. Actual expenditures and other financing uses were less than final appropriations. These variances are the result of the District's worst-case-scenario approach to budgeting expenditures.

**Capital Assets**

At fiscal year-end, the District's capital assets decreased in comparison with the prior fiscal year. This decrease represents the amount in which depreciation and disposals exceeded additions during the fiscal year. Detailed information regarding capital asset activity is included in Note 7 to the basic financial statements.

**Debt**

At fiscal year-end, the District's outstanding long-term debt decreased in comparison with the prior fiscal year-end. This decrease represents the amount in which current year principal payments and premium amortization exceeded accretion on capital appreciation bonds. Detailed information regarding long-term debt is included in Note 11 to the basic financial statements.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information, contact Brian Wilson, Treasurer of Hamilton Local School District, 775 Rathmell Road, Columbus, Ohio 43207.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Statement of Net Position*  
*June 30, 2023*

	Governmental Activities
<b>Assets</b>	
Cash and Cash Equivalents	\$ 41,295,140
Property Taxes Receivable	8,767,813
Accounts Receivable	4,237
Intergovernmental Receivable	561,012
Payments in Lieu of Taxes Receivable	44,065
Prepaid Items	78,474
Non-Depreciable Capital Assets	1,247,490
Depreciable Capital Assets, net	52,400,881
Net OPEB Asset	3,132,549
<i>Total Assets</i>	107,531,661
<b>Deferred Outflows of Resources</b>	
Pension	7,923,840
OPEB	687,647
<i>Total Deferred Outflows of Resources</i>	8,611,487
<b>Liabilities</b>	
Accounts Payable	435,852
Accrued Wages and Benefits	2,462,412
Intergovernmental Payable	497,762
Matured Compensated Absences Payable	240,001
Unearned Revenue	107,265
Long-Term Liabilities:	
Due Within One Year	1,634,767
Due Later Than One Year:	
Net Pension Liability	32,407,277
Net OPEB Liability	1,413,573
Other Amounts Due Later Than One Year	12,842,250
<i>Total Liabilities</i>	52,041,159
<b>Deferred Inflows of Resources</b>	
Property Taxes	5,280,268
Pension	3,543,371
OPEB	4,717,887
<i>Total Deferred Inflows of Resources</i>	13,541,526
<b>Net Position</b>	
Net Investment in Capital Assets	40,909,937
Restricted for:	
Debt Service	1,884,060
Capital Projects	2,103,155
Food Services	746,776
Extracurricular Activities	157,794
State and Federal Grants	12,329
Other Purposes	725,769
Unrestricted	4,020,643
<i>Total Net Position</i>	\$ 50,560,463

See accompanying notes to the basic financial statements.



**Hamilton Local School District**  
**Franklin County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular Instruction	\$ 14,197,834	\$ 219,182	\$ 4,800	\$ (13,973,852)
Special Instruction	7,754,995	110,280	4,852,403	(2,792,312)
Vocational Instruction	124,521	127	-	(124,394)
Student Intervention Services	422,823	-	-	(422,823)
Other Instruction	2,130	-	-	(2,130)
Support Services:				
Pupils	2,092,946	-	1,430,279	(662,667)
Instructional Staff	918,650	-	180,791	(737,859)
Board of Education	44,175	-	-	(44,175)
Administration	3,145,185	-	88,368	(3,056,817)
Fiscal Services	866,929	-	-	(866,929)
Business Operations	9,112	-	-	(9,112)
Maintenance	3,650,778	296,093	1,820,753	(1,533,932)
Pupil Transportation	1,762,625	-	13,670	(1,748,955)
Central	114,111	-	-	(114,111)
Operation of Non-Instructional/Shared Services:				
Non-Instructional Services	1,660,175	378	1,950	(1,657,847)
Extracurricular Activities	1,452,135	527,077	136	(924,922)
Interest and Fiscal Charges	286,312	-	-	(286,312)
<i>Total</i>	<u>\$ 38,505,436</u>	<u>\$ 1,153,137</u>	<u>\$ 8,393,150</u>	<u>(28,959,149)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	8,336,577
Debt Service	1,100,641
Capital Projects	458,264
Payments in Lieu of Taxes	593,572
Grants and Entitlements not Restricted	23,749,044
Investment Earnings	138,960
Miscellaneous	73,785
<i>Total General Revenues</i>	<u>34,450,843</u>
<i>Change in Net Position</i>	5,491,694
<i>Net Position Beginning of Year, Restated</i>	<u>45,068,769</u>
<i>Net Position End of Year</i>	<u>\$ 50,560,463</u>

See accompanying notes to the basic financial statements.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2023*

	General	ESSER	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 36,596,487	\$ 25,658	\$ 4,672,995	\$ 41,295,140
Property Taxes Receivable	7,208,732	-	1,559,081	8,767,813
Accounts Receivable	3,887	-	350	4,237
Intergovernmental Receivable	37,910	320,124	202,978	561,012
Payments in Lieu of Taxes Receivable	44,065	-	-	44,065
Prepaid Items	78,474	-	-	78,474
Due from Other Funds	240,310	-	-	240,310
<i>Total Assets</i>	<u>\$ 44,209,865</u>	<u>\$ 345,782</u>	<u>\$ 6,435,404</u>	<u>\$ 50,991,051</u>
<b>Liabilities</b>				
Accounts Payable	\$ 352,059	\$ -	\$ 83,793	\$ 435,852
Accrued Wages and Benefits	2,052,218	312,210	97,984	2,462,412
Intergovernmental Payabl	444,679	33,572	19,511	497,762
Due to Other Funds	-	-	240,310	240,310
Matured Compensated Absences Payable	197,118	-	42,883	240,001
Unearned Revenue	-	-	107,265	107,265
<i>Total Liabilities</i>	<u>3,046,074</u>	<u>345,782</u>	<u>591,746</u>	<u>3,983,602</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes	4,340,459	-	939,809	5,280,268
Unavailable Revenue	236,830	320,124	132,381	689,335
<i>Total Deferred Inflows of Resources</i>	<u>4,577,289</u>	<u>320,124</u>	<u>1,072,190</u>	<u>5,969,603</u>
<b>Fund Balances</b>				
Nonspendable	78,474	-	-	78,474
Restricted	-	-	5,050,385	5,050,385
Assigned	2,892,560	-	-	2,892,560
Unassigned	33,615,468	(320,124)	(278,917)	33,016,427
<i>Total Fund Balance</i>	<u>36,586,502</u>	<u>(320,124)</u>	<u>4,771,468</u>	<u>41,037,846</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 44,209,865</u>	<u>\$ 345,782</u>	<u>\$ 6,435,404</u>	<u>\$ 50,991,051</u>

See accompanying notes to the basic financial statements.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2023*

<b>Total Governmental Fund Balances</b>		\$ 41,037,846
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		53,648,371
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Delinquent Property Taxes	\$ 232,728	
Payment in Lieu of Taxes	44,065	
Intergovernmental	412,542	689,335
The net pension liability and net OPEB liability (asset) are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	3,132,549	
Deferred Outflows - Pension	7,923,840	
Deferred Outflows - OPEB	687,647	
Net Pension Liability	(32,407,277)	
Net OPEB Liability	(1,413,573)	
Deferred Inflows - Pension	(3,543,371)	
Deferred Inflows - OPEB	(4,717,887)	(30,338,072)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(11,540,000)	
Unamortized Bond Premiums	(1,179,341)	
Direct Borrowings	(65,934)	
Compensated Absences	(1,691,742)	(14,477,017)
<i>Net Position of Governmental Activities</i>		<u>\$ 50,560,463</u>

See accompanying notes to the basic financial statements.

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

	General	ESSER	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 8,338,736	\$ -	\$ 1,564,995	\$ 9,903,731
Payments in Lieu of Taxes	566,041	-	-	566,041
Intergovernmental	23,530,483	4,283,500	4,230,836	32,044,819
Charges for Services	25,025	-	296,471	321,496
Interest	138,960	-	-	138,960
Tuition and Fees	302,312	-	-	302,312
Extracurricular Activities	137,840	-	389,364	527,204
Rent	2,125	-	-	2,125
Contributions and Donations	-	-	136	136
Other	51,676	-	22,109	73,785
<i>Total Revenues</i>	<u>33,093,198</u>	<u>4,283,500</u>	<u>6,503,911</u>	<u>43,880,609</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular Instruction	12,742,359	-	230,280	12,972,639
Special Instruction	2,962,938	3,228,291	1,620,102	7,811,331
Vocational Instruction	120,054	-	127	120,181
Student Intervention Services	422,823	-	-	422,823
Other Instruction	2,130	-	-	2,130
Support Services:				
Pupils	713,466	1,080,413	405,484	2,199,363
Instructional Staff	742,662	-	180,543	923,205
Board of Education	44,175	-	-	44,175
Administration	2,999,922	-	109,009	3,108,931
Fiscal Services	926,952	-	3,045	929,997
Business Operations	9,112	-	-	9,112
Operation and Maintenance of Plant	3,743,730	-	360,902	4,104,632
Pupil Transportation	1,789,518	-	13,670	1,803,188
Central	114,111	-	-	114,111
Operation of Non-Instructional/Shared Services				
Non-Instructional Services	-	-	1,720,610	1,720,610
Extracurricular Activities	1,034,117	-	409,865	1,443,982
Debt Service				
Principal Retirement	-	-	1,533,028	1,533,028
Interest and Fiscal Charges	-	-	415,928	415,928
<i>Total Expenditures</i>	<u>28,368,069</u>	<u>4,308,704</u>	<u>7,002,593</u>	<u>39,679,366</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>4,725,129</u>	<u>(25,204)</u>	<u>(498,682)</u>	<u>4,201,243</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	-	1,450	1,450
Transfers Out	(1,450)	-	-	(1,450)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,450)</u>	<u>-</u>	<u>1,450</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	4,723,679	(25,204)	(497,232)	4,201,243
<i>Fund Balances Beginning of Year</i>	<u>31,862,823</u>	<u>(294,920)</u>	<u>5,268,700</u>	<u>36,836,603</u>
<i>Fund Balances End of Year</i>	<u>\$ 36,586,502</u>	<u>\$ (320,124)</u>	<u>\$ 4,771,468</u>	<u>\$ 41,037,846</u>

See accompanying notes to the basic financial statements.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2023*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	4,201,243
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 653,276	
Current Year Depreciation	<u>(1,740,421)</u>	(1,087,145)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(123,400)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(8,250)	
Payment in Lieu of Taxes	27,531	
Grants	<u>97,240</u>	116,521
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	765,000	
Direct Borrowings	208,029	
Capital Appreciation Bonds	<u>559,999</u>	1,533,028
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Amortization of Premium on Bonds	193,917	
Amortization of Refunding Loss	<u>(23,574)</u>	170,343
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,915,457	
OPEB	<u>67,566</u>	2,983,023
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	\$ (3,085,382)	
OPEB	<u>767,188</u>	(2,318,194)
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		<u>57,002</u>
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		
		<u>(40,727)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>5,491,694</u></u>

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$ 6,364,168	\$ 6,364,168	\$ 8,340,850	\$ 1,976,682
Payments in Lieu of Taxes	566,041	566,041	566,041	-
Intergovernmental	23,375,786	23,375,786	23,491,452	115,666
Interest	400,000	400,000	334,263	(65,737)
Tuition and Fees	262,350	262,350	302,232	39,882
Extracurricular Activities	120,000	120,000	137,840	17,840
Charges for Services	50,000	50,000	25,025	(24,975)
Rent	2,000	2,000	2,125	125
Other	51,000	51,000	22,588	(28,412)
<i>Total Revenues</i>	<u>31,191,345</u>	<u>31,191,345</u>	<u>33,222,416</u>	<u>2,031,071</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	14,317,411	14,070,053	12,702,474	1,367,579
Special	2,672,816	3,211,751	2,874,845	336,906
Vocational	141,701	118,327	120,054	(1,727)
Student Intervention Services	1,345,107	1,262,785	422,823	839,962
Support Services:				
Pupils	950,747	800,767	775,667	25,100
Instructional Staff	846,639	1,111,281	741,688	369,593
Board of Education	40,112	31,511	44,175	(12,664)
Administration	2,963,477	2,870,187	2,948,469	(78,282)
Fiscal Services	943,514	1,280,855	956,825	324,030
Business Operations	14,525	12,751	9,112	3,639
Operation and Maintenance of Plant	3,494,110	3,144,213	3,707,716	(563,503)
Pupil Transportation	1,351,088	1,384,791	1,810,757	(425,966)
Central	110,406	89,661	115,302	(25,641)
Extracurricular Activities	726,771	929,491	1,013,273	(83,782)
<i>Total Expenditures</i>	<u>29,918,424</u>	<u>30,318,424</u>	<u>28,243,180</u>	<u>2,075,244</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>1,272,921</u>	<u>872,921</u>	<u>4,979,236</u>	<u>4,106,315</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	-	-	(14,930)	(14,930)
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>-</u>	<u>(14,930)</u>	<u>(14,930)</u>
<i>Net Change in Fund Balance</i>	1,272,921	872,921	4,964,306	4,091,385
<i>Fund Balance Beginning of Year</i>	31,649,422	31,649,422	31,649,422	-
Prior Year Encumbrances Appropriated	378,424	378,424	378,424	-
<i>Fund Balance End of Year</i>	<u>\$ 33,300,767</u>	<u>\$ 32,900,767</u>	<u>\$ 36,992,152</u>	<u>\$ 4,091,385</u>

See accompanying notes to the basic financial statements.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*ESSER Fund*  
*For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 4,408,530	\$ 4,283,500	\$ (125,030)
<i>Total Revenues</i>	<u>-</u>	<u>4,408,530</u>	<u>4,283,500</u>	<u>(125,030)</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Special	3,179,666	3,625,530	3,219,895	405,635
Support Services:				
Pupils	928,864	783,000	1,038,447	(255,447)
<i>Total Expenditures</i>	<u>4,108,530</u>	<u>4,408,530</u>	<u>4,258,342</u>	<u>150,188</u>
<i>Net Change in Fund Balance</i>	(4,108,530)	-	25,158	25,158
<i>Fund Balance Beginning of Year</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (4,108,530)</u>	<u>\$ -</u>	<u>\$ 25,158</u>	<u>\$ 25,158</u>

See accompanying notes to the basic financial statements.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 – NATURE OF OPERATIONS AND DESCRIPTION OF THE ENTITY**

The Hamilton Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education and is responsible for the provision of public education to residents of the District.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The reporting entity is required to be comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to, or can otherwise access, the organization’s resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District had no component units for the fiscal year ended June 30, 2023.

The District is involved with the Metropolitan Educational Technology Association (META), which is defined as a jointly governed organization. META is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. META is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for META. META provides computer services to the District.

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



**Hamilton Local School District**  
**Franklin County, Ohio**  
*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**

**Fund Accounting**

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

*Governmental Fund Types:*

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

General Fund - The General Fund is the chief operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

Elementary and Secondary School Emergency Relief (ESSER) Fund – A fund used to account for state funds used to aid districts that have been impacted and continue to be impacted by the novel Coronavirus disease 2019 (COVID-19).

Other Governmental Funds – Other Governmental Funds consist of non-major special revenue, debt service, and capital project funds. The special revenue funds are established to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted or committed to expenditures for specified purposes. The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other assets.

**Basis of Presentation**

*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund 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.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

*Fund Financial Statements*

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all non-major funds are aggregated into one column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using modified accrual for governmental funds.

*Revenues, Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the District is sixty days after year-end.

Nonexchange transactions, in which the 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 5), unless advanced or available to be advanced to the District in the previous fiscal year. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, investment earnings, tuition, grants and student fees.

*Deferred Outflows/Inflows of Resources*

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred amount on refundings and for pensions and other post-employment benefits (OPEB). The deferred amount on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes delinquent property taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 8 and 9).

*Expenditures/Expenses*

On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**Budgetary Process**

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

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

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

**Cash and Investments**

The District maintains a cash and investment pool used by all funds. The cash and investment pool has the same characteristics as a demand deposit. Each fund type's portion of this pool is displayed in the financial statements as cash and cash equivalents. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. It is the policy of the District to value investment contracts and money market investments with maturity of one year or less at the time of purchase at fair value.

For purposes of presentation on the balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$138,960, which includes \$19,025 assigned from other District funds.

**Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market using the first in, first out (FIFO) method and are expensed when used. On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**Capital Assets and Depreciation**

General capital assets are reported in the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District does not capitalize interest costs as part of capital assets.

Interest is expensed as incurred. Donated fixed assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure.

All reported capital assets, with the exception of land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Buildings and improvements are charged a full year of depreciation in the year of acquisition or the year the asset is placed into service. Depreciation for furniture, fixtures and equipment, vehicles, and land improvements will begin in the month of acquisition.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Useful Life</u>
Land	not depreciated
Land Improvements	10 – 25 years
Buildings & Improvements	20 – 50 years
Furniture and Equipment	5 – 20 years
Buses and Other Vehicles	5 – 15 years

**Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and become available.

**Interfund Activity**

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 fund without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. On fund financial statements, short-term interfund loans are classified as due to/from other funds. These amounts are eliminated in the statement of net position.

**Compensated Absences**

Vacation leave accumulated by employees is accrued as a liability as the benefits are earned when the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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A liability for sick leave is accrued using the vesting method, which states that an accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The District records a liability for all employees meeting the retirement criteria outlined by the pension systems as well as all employees with 20 or more years of service with the District.

The entire compensated absences liability is reported on the entity-wide financial statements. For governmental fund financial statements, the amount of accumulated vacation and sick leave of employees has been recorded as a current liability to the extent that amounts are expected to be paid using expendable available financial resources. The balance of the liability is not recorded.

### **Accrued Liabilities and Long-Term Obligations**

All accrued liabilities and long-term debt is reported in the entity-wide financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Long-term debt paid from governmental funds is not recognized as a liability in the fund financial statements until due.

### **Pensions/Other Postemployment Benefits (OPEB)**

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

### **Fund Balance**

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) 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 are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria 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 policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which both restricted and unrestricted (assigned and unassigned) fund balance is available. The District considers assigned and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

### **Encumbrances**

The District employs encumbrance accounting in governmental funds. Encumbrances outstanding at year-end are reported as assigned fund balance and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

### **Estimates**

The preparation of financial statements in conformity with GAAP 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.

### **Changes in Accounting Principles**

For the fiscal year ended June 30, 2023, the District has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

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GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the District.

**NOTE 3 – GAAP TO BUDGET RECONCILIATION**

While 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 requires accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations.

The Statement of Revenues, Expenditures and Changes in Fund Balances, Budget (Non-GAAP Basis) and Actual presented for the general fund and ESSER fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the GAAP basis and the budget basis are as follows:

<b>Net Change in Fund Balance</b>		
	General Fund	ESSER Fund
GAAP Basis	\$ 4,723,679	\$ (25,204)
Net Adjustment for Revenue Accruals	155,664	-
Net Adjustment for Expenditure Accruals	(147,032)	49,862
Funds Budgeted Elsewhere	(1,401)	-
Adjustment for Encumbrances	233,396	500
Budget Basis	\$ 4,964,306	\$ 25,158



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With the implementation of GASB Statement No. 54, *Fund Balance Reporting*, the District's Public School Support Fund, Other State Grant Funds, Retirement Funds, and Other Local Funds, no longer meet the special revenue fund type criteria for reporting in the fiscal year-end external financial statements. As such, these fund are presented as part of the District's General Fund in the year-end financial statements. The budgetary comparison information in the fiscal year-end financial statements is the legally adopted budget for the General Fund, without modification for the funds no longer meeting the special revenue criteria.

**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current 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. The Ohio Revised Code authorizes the District to invest interim monies in United States and State of Ohio bonds, notes, and other obligations; bank certificates of deposit; banker's acceptances; commercial paper notes rated prime and issued by United States corporations; and STAR Ohio.

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 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 District may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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3. Written repurchase agreements in the securities listed above provided that 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 that 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 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 items (1) and (2) above 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 banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, the bank balance of the District's deposits was \$14,258,799. Of the District's bank balance, \$250,148 was covered by the Federal Depository Insurance Company (FDIC) and the remaining balance was uninsured and collateralized. The District's financial institution was approved for a collateral rate of 50 percent through the Ohio Pooled Collateral System.

Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

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**Investments** - At fiscal year-end, the District had the following investments and maturities:

Investment Type	Measurement Value	Percentage of Total	Rating	Investment Maturities		
				Less Than 12 Months	12 to 36 Months	Greater Than 36 Months
Money Market Funds (NAV)	\$ 123,832	0%	AAAm	\$ 123,832	\$ -	\$ -
US Treasury	9,371,254	34%	AAA	2,798,531	4,005,502	2,567,221
Tennessee Valley Authority	221,375	1%	AA+	-	-	221,375
US Government Agency Notes:						
Federal Farm Credit Bank	4,747,817	17%	AA+	491,709	1,919,135	2,336,973
Federal Home Loan Bank	4,585,983	17%	AA+	448,064	2,358,012	1,779,907
Federal Home Loan Mortgage	1,753,559	6%	AA+	446,832	1,186,908	119,819
Federal National Mortgage Association	1,163,797	4%	AA+	483,083	680,714	-
Commercial Paper	606,396	2%	A-1	606,396	-	-
Negotiable Certificate of Deposit	5,023,671	19%	Not Rated	2,939,410	1,016,145	1,068,116
	<u>\$ 27,597,684</u>	<u>100%</u>		<u>\$ 8,337,857</u>	<u>\$ 11,166,416</u>	<u>\$ 8,093,411</u>

The 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 District's 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.* Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk.* Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The District places no limit on the amount that may be invested in any one issuer.

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**NOTE 5 – PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. First half collections are received by the District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be re-valued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property as 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of inventory. The tangible personal property tax has been phased out. The assessed values upon which the fiscal year taxes were collected are:

	Calendar Year 2022		Calendar Year 2023	
	Second Half Collections		First Half Collections	
	Amount	Percent	Amount	Percent
Real Property - Agricultural / Residential	\$ 178,374,830	52.66%	\$ 180,847,290	50.70%
Real Property - Commercial / Industrial	144,953,920	42.80%	159,478,090	44.70%
Real Property - Public Utilities	266,320	0.08%	295,550	0.08%
Personal Property - Public Utilities	15,092,030	4.46%	16,117,090	4.52%
Total Assessed Values	<u>\$ 338,687,100</u>	<u>100.00%</u>	<u>\$ 356,738,020</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$ 52.40		\$ 51.65

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

The Franklin County Treasurer collects property taxes on behalf of all taxing Districts in the County, including the Hamilton Local School District. The county auditor periodically remits to the District its portion of the taxes collected. Calendar year 2023 second-half property tax payments collected by the County by June 30, 2023 are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Property taxes receivable represents real property and public utility taxes and outstanding delinquencies that are measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance is recognized as revenue.

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**NOTE 6 – TAX ABATEMENTS**

Under Community Reinvestment Area (CRA) and other property tax abatements, the District’s property tax revenues were reduced by \$1,825,493 during the fiscal year.

**NOTE 7 – CAPITAL ASSETS**

A summary of capital asset activity during the fiscal year follows:

Asset Class	Beginning Balance	Prior Period Restate	Restated Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets, Not Being Depreciated						
Land	\$ 1,247,490	\$ -	\$ 1,247,490	\$ -	\$ -	\$ 1,247,490
Total Capital Assets, Not Being Depreciated	<u>1,247,490</u>	<u>-</u>	<u>1,247,490</u>	<u>-</u>	<u>-</u>	<u>1,247,490</u>
Capital Assets, Being Depreciated						
Land and Building Improvements	76,154,924	(186,625)	75,968,299	238,196	-	76,206,495
Furniture & Equipment	5,632,091	(2,227,366)	3,404,725	319,689	(123,400)	3,601,014
Vehicles	2,218,604	(14,995)	2,203,609	95,391	-	2,299,000
Total Capital Assets, Being Depreciated	<u>84,005,619</u>	<u>(2,428,986)</u>	<u>84,071,613</u>	<u>653,276</u>	<u>(123,400)</u>	<u>82,106,509</u>
Total Accumulated Depreciation						
Land and Building Improvements	24,198,071	(167,539)	24,030,532	1,537,800	-	25,568,332
Furniture & Equipment	4,491,152	(2,082,959)	2,408,193	35,063	-	2,443,256
Vehicles	1,541,097	(14,615)	1,526,482	167,558	-	1,694,040
Total Accumulated Depreciation	<u>30,230,320</u>	<u>(2,265,113)</u>	<u>27,965,207</u>	<u>1,740,421</u>	<u>-</u>	<u>29,705,628</u>
Total Capital Assets, Being Depreciated, Net	<u>53,775,299</u>	<u>(163,873)</u>	<u>56,106,406</u>	<u>(1,087,145)</u>	<u>(123,400)</u>	<u>52,400,881</u>
Total Capital Assets, Net	<u>\$ 55,022,789</u>	<u>\$ (163,873)</u>	<u>\$ 57,353,896</u>	<u>\$ (1,087,145)</u>	<u>\$ (123,400)</u>	<u>\$ 53,648,371</u>

Depreciation expense was charged to governmental functions as follows:

Instruction Regular	\$ 1,436,541
Instruction Special	321
Instruction Vocational	4,340
Instructional Staff	466
Administration	6,524
Operation and Maintenance of Plant	54,894
Pupil Transportation	164,233
Noninstructional Services	7,506
Extracurricular Activities	65,596
	<u>\$ 1,740,421</u>

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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) represents 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 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 this estimate 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 proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

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

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

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

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

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

The District’s contractually required contribution to SERS was \$575,177 for fiscal year 2023. Of this amount, \$19,066 is reported as an intergovernmental payable.

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***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 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 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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



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

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

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

The District's contractually required contribution to STRS was \$2,340,280 for fiscal year 2023. Of this amount, \$353,592 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.1019360%	0.12097900%	
Prior Measurement Date	0.1140492%	0.12326373%	
Change in Proportionate Share	-0.0121132%	-0.00228473%	
Proportionate Share of the Net			
Pension Liability	\$ 5,513,492	\$ 26,893,785	\$ 32,407,277
Pension Expense	\$ 182,722	\$ 2,902,660	\$ 3,085,382

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 223,301	\$ 344,274	\$ 567,575
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	935,844	935,844
Changes of Assumptions	54,403	3,218,377	3,272,780
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	78,297	153,887	232,184
District Contributions Subsequent to the Measurement Date	<u>575,177</u>	<u>2,340,280</u>	<u>2,915,457</u>
<b>Total Deferred Outflows of Resources</b>	<u>\$ 931,178</u>	<u>\$ 6,992,662</u>	<u>\$ 7,923,840</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 36,195	\$ 102,878	\$ 139,073
Net Difference between Projected and Actual Earnings on Pension Plan Investments	192,396	-	192,396
Changes of Assumptions	-	2,422,513	2,422,513
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	440,470	348,919	789,389
<b>Total Deferred Inflows of Resources</b>	<u>\$ 669,061</u>	<u>\$ 2,874,310</u>	<u>\$ 3,543,371</u>

\$2,915,457 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (122,492)	\$ 25,370	\$ (97,122)
2025	(235,459)	(138,775)	(374,234)
2026	(274,840)	(835,991)	(1,110,831)
2027	<u>319,731</u>	<u>2,727,468</u>	<u>3,047,199</u>
Total	<u>\$ (313,060)</u>	<u>\$ 1,778,072</u>	<u>\$ 1,465,012</u>

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***Actuarial Assumptions - SERS***

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

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

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

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

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

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

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The long-term return expectation for the 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.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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 Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

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

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 8,115,597	\$ 5,513,492	\$ 3,321,254

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***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

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

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

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

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

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

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

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

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

**Sensitivity of the District's 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 percent, 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 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	\$ 40,626,717	\$ 26,893,785	\$ 15,279,974

**Changes between the Measurement Date and the Reporting Date** The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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**NOTE 9 - DEFINED BENEFIT OPEB PLANS**

See Note 8 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. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$67,566, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was equal to its surcharge obligation 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.1006811%	0.12097900%	
Prior Measurement Date	0.1111578%	0.12326373%	
Change in Proportionate Share	-0.0104767%	-0.00228473%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,413,573	\$ (3,132,549)	
OPEB Expense	\$ (176,520)	\$ (590,668)	\$ (767,188)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.



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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 11,882	\$ 45,411	\$ 57,293
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	7,346	54,531	61,877
Changes of Assumptions	224,846	133,434	358,280
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	120,974	21,657	142,631
District Contributions Subsequent to the Measurement Date	67,566	-	67,566
<b>Total Deferred Outflows of Resources</b>	<u>\$ 432,614</u>	<u>\$ 255,033</u>	<u>\$ 687,647</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 904,224	\$ 470,452	\$ 1,374,676
Changes of Assumptions	580,283	2,221,281	2,801,564
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	439,133	102,514	541,647
<b>Total Deferred Inflows of Resources</b>	<u>\$ 1,923,640</u>	<u>\$ 2,794,247</u>	<u>\$ 4,717,887</u>

\$67,566 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (364,260)	\$ (744,644)	\$ (1,108,904)
2025	(342,542)	(752,205)	(1,094,747)
2026	(284,634)	(350,025)	(634,659)
2027	(180,709)	(139,285)	(319,994)
2028	(133,747)	(182,782)	(316,529)
Thereafter	(252,700)	(370,273)	(622,973)
<b>Total</b>	<u>\$ (1,558,592)</u>	<u>\$ (2,539,214)</u>	<u>\$ (4,097,806)</u>

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***Actuarial Assumptions - SERS***

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

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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 Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

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

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
District 's Proportionate Share of the Net OPEB Liability	\$ 1,755,679	\$ 1,413,573	\$ 1,137,401
	1% Decrease	Current Trend Rate	1% Increase
District 's Proportionate Share of the Net OPEB Liability	\$ 1,090,119	\$ 1,413,573	\$ 1,836,057

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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

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

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

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

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

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

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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>	

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	District 's Proportionate Share of the Net OPEB (Asset)	\$ (2,895,959)	\$ (3,132,549)

  

	1% Decrease	Current Trend Rate	1% Increase
	District 's Proportionate Share of the Net OPEB (Asset)	\$ (3,249,215)	\$ (3,132,549)

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**NOTE 10 – RISK MANAGEMENT**

**General Risk**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. The District maintains general liability insurance, fleet insurance, and replacement cost insurance on buildings and contents. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

**Workers' Compensation-Public Entity Risk Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate

Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

**Health Insurance**

The District provides life insurance and accidental death and dismemberment insurance to its employees. The District has elected to provide employee medical/surgical benefits and dental, all fully funded programs.

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**NOTE 11 – LONG-TERM OBLIGATIONS**

Changes in the District’s long-term obligations during the fiscal year were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due in One Year
<b>Bonds</b>					
2012 Refunding Bonds:					
Capital Appreciation Bonds	\$ 519,272	\$ 40,727	\$ (559,999)	\$ -	\$ -
Premium on Bonds	34,466	-	(34,466)	-	-
2015 Refunding Bonds					
Current Interest Bonds	6,045,000	-	(765,000)	5,280,000	795,000
Premium on Bonds	545,097	-	(83,861)	461,236	-
2021 Refunding Bonds					
Current Interest Bonds	6,260,000	-	-	6,260,000	550,000
Premium on Bonds	793,695	-	(75,590)	718,105	-
<b>Total General Obligation Bonds</b>	<b>14,197,530</b>	<b>40,727</b>	<b>(1,518,916)</b>	<b>12,719,341</b>	<b>1,345,000</b>
<b>Direct Borrowings</b>					
2017 Lease Purchase Agreement	92,609	-	(73,516)	19,093	19,093
Wells Fargo MacBook	92,995	-	(46,154)	46,841	46,841
Bus	88,359	-	(88,359)	-	-
<b>Total Direct Borrowings</b>	<b>273,963</b>	<b>-</b>	<b>(208,029)</b>	<b>65,934</b>	<b>65,934</b>
Net Pension Liability	19,968,461	12,438,816	-	32,407,277	-
Net OPEB Liability	2,103,752	-	(690,179)	1,413,573	-
Compensated Absences	1,748,744	295,208	(352,210)	1,691,742	223,833
	<u>\$38,292,450</u>	<u>\$12,774,751</u>	<u>\$ (2,769,334)</u>	<u>\$48,297,867</u>	<u>\$ 1,634,767</u>

All outstanding general obligation bonds relate to projects, for the purpose of constructing, improving and equipping schools. Such bonds are direct obligations of the District for which the full faith and credit and resources are pledged and a payable from taxes levied on all taxable property of the District. The District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from the employee’s service, which is primarily the General fund. For additional information related to the net pension liability and net OPEB liability see Notes 8 and 9.

The District pays bond obligations from the Debt Service Fund and the 2017 Lease Purchase Agreement, Wells Fargo MacBook, and Bus is paid from the Permanent Improvement fund.



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**2012 Advance Refunding Bonds** – On October 30, 2012, the District issued \$7,730,000 in current interest serial bonds with interest rates ranging from 2 to 3 percent, and \$284,566 in capital appreciation bonds with stated interest rates of 22 percent, for the purpose of advance refunding \$8,015,000 of 2006 current interest serial bonds. The 2012 current interest serial bonds mature December 1, 2033 and the capital appreciation bond matures on December 1, 2022. The 2012 current interest bonds were issued at a premium of \$142,409, the capital appreciation bond was issued at a premium of \$1,224,091, and bond issuance costs totaled \$136,216. On August 24, 2021, the District issued \$6,310,000 in current interest serial bonds for the purpose of refunding \$6,910,000 of the serial 2012 advanced refunding bonds.

The net proceeds from the issuance were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds were called on June 1, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the 2006 current interest serial bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$1,234,408, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new (debt)) of \$971,139. At fiscal year-end, the amount of defeased bonds outstanding was \$0.

**2015 Advance Refunding Bonds** – On October 22, 2015, the District issued \$8,800,000 in current interest serial bonds with interest rates ranging from 2 to 4 percent for the purpose of advance refunding \$8,395,000 of the series 2006 advance refunding bonds and \$1,130,000 of the series 2006 school improvement bonds. The 2015 bonds mature December 1, 2028. The 2015 bonds were issued at a premium of \$1,090,195 and bond issuance costs totaled \$137,706.

The net proceeds from the issuance were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds were called on June 1, 2016. The advance refunding met the requirements of an in-substance debt defeasance and the 2006 current interest serial bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$1,278,828, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new (debt)) of \$1,284,241. At fiscal year-end, the amount of defeased bonds outstanding was \$0.

**2021 Refunding Bonds** - On August 24, 2021, the District issued \$6,310,000 in current interest serial bonds with interest rates ranging from 1 to 4 percent for the purpose of refunding \$6,910,000 of the series 2012 advance refunding bonds. The 2021 bonds mature December 1, 2032. The 2021 bonds were issued at a premium of \$831,490 and bond issuance costs totaled \$83,131.

The net proceeds from the issuance were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds were called on December 1, 2021. The advance refunding met the requirements of an in-substance debt defeasance and the 2012 serial bonds were removed from the District's government-wide financial statements. As a result of the advance refunding, the District reduced its total debt service requirements by \$771,213, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new (debt)) of \$684,018.

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**2017 Lease Purchase Agreement** On June 26, 2017, the District entered into a series of one-year renewable lease-purchase agreements with PC Trust Ltd, whereas the District leased equipment and services for buildings and improvements located at the high school, middle school, intermediate school, elementary school, and preschool/administration buildings. PC Trust Ltd agreed to pay \$386,479 in order to fund the equipment. In turn, the District agreed to pay \$386,479 under the sublease at an interest rate of 6.1585%. The final payment to PC Trust Ltd is due July 1, 2023.

Per the renewable lease-purchase agreements with the PC Trust Ltd, the District pledged the equipment for buildings and improvements located at the high school, middle school, intermediate school, elementary school, and preschool/administration buildings as collateral for the debt. In the event of default, PC Trust Ltd shall have all of the rights of the equipment. Also, in the event of default, PC Trust Ltd may also exercise the following rights and remedies:

1. By written notice, the District may have to pay all of the remaining lease payments
2. PC Trust Ltd may enter and retake possession of the equipment or return the property at the District's expense
3. PC Trust Ltd may sublease the equipment for the account of the District, while still holding the District liable for the difference between the applicable rental payments and the payments made by the sublessee.
4. PC Trust Ltd may take action at law against the District to enforce its rights under the lease-purchase agreements.

**Wells Fargo MacBook** On October 15, 2020, the District entered into an agreement with Well Fargo for the purchase of MacBooks for District students. The District agreed to pay \$190,157 at an interest rate of 1.49%. The final payment to Wells Fargo is due October 15, 2023.

Per the agreement with Wells Fargo, the District pledged the MacBooks as collateral for the debt. In the event of default, Wells Fargo shall have all of the rights of the equipment.

**Bus Direct Borrowing** On July 9, 2020, the District entered into an agreement with TCF National Bank for the purchase of four school buses. The District agreed to pay \$366,509 under the lease at an interest rate of 3.70%. The final payment to TCF was paid in fiscal year 2023.

Per the agreement with TCF National Bank, the District pledged the buses as collateral for the debt. In the event of default, TCF National Bank shall have all of the rights of the equipment.

Also, in the event of default, TCF National Bank may also exercise the following rights and remedies:

1. The District may have to pay all of the remaining lease payments
2. TCF National Bank may enter and retake possession of the buses at the District's expense

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The annual requirement to amortize all bonds outstanding and direct borrowings as of June 30, 2023 is as follows:

		Principal	Interest	Total
Fiscal Year Ending June 30,	2024	\$ 1,410,934	\$ 373,942	\$ 1,784,876
	2025	1,390,000	328,775	1,718,775
	2026	1,430,000	277,650	1,707,650
	2027	1,505,000	222,200	1,727,200
	2028	1,545,000	167,275	1,712,275
	2029-2033	4,325,000	276,125	4,601,125
		\$ 11,605,934	\$ 1,645,967	\$ 13,251,901

**NOTE 12 – COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. Vacation leave is based upon length of service and position.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for employees is 300 days.

Retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Classified and Certified employees who meet the retirement qualifications of STRS/SERS and employees who have 20 years of experience with the district are probable to a severance payment from the District, therefore a liability will be recorded for the employees. Classified employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to thirty percent of unused sick leave up to a maximum of 260 days, not to exceed seventy, plus one day for each year in which no more than three days of sick leave are used. Certified employees receiving retirement severance pay shall be entitled to a dollar amount equivalent to thirty percent of unused sick leave up to a maximum of 280 days, not to exceed seventy days.

**NOTE 13 – STATUTORY RESERVES**

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

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

	Capital Improvement Reserve
Set-Aside Restricted Balance, June 30, 2022	\$ -
Current Fiscal Year Set-Aside Requirement	627,728
Current Year Offsets	(549,447)
Prior Year Offset from Bond Proceeds	(78,281)
Total	\$ -
Balance Carried Forward to Fiscal Year 2024	\$ -
Set-aside balance at June 30, 2023	\$ -

The District also had offsets during the fiscal year that reduced the capital acquisition set-aside amount. During fiscal year 2006, the District issued \$11,900,000 in capital related debt based on a building project under taken by the District. Those proceeds may be used as qualifying offsets to reduce the capital acquisition to zero for future years. At June 30, 2023, the District still has \$11,269,000 in qualifying proceeds that may be used to reduce the set-aside requirement for future years.

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**NOTE 14 – FUND BALANCE, COMPLIANCE, AND ACCOUNTABILITY**

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

	General	ESSER	Other Governmental Funds	Total
Nonspendable for:				
Prepaid Items	\$ 78,474	\$ -	\$ -	\$ 78,474
Total Nonspendable	<u>78,474</u>	<u>-</u>	<u>-</u>	<u>78,474</u>
Restricted for:				
Capital Projects	-	-	2,091,273	2,091,273
Debt Service	-	-	1,855,979	1,855,979
Food Services	-	-	812,905	812,905
Classroom Facilities Maintenance	-	-	63,255	63,255
Other Purposes	-	-	69,179	69,179
Extracurricular Activities	-	-	157,794	157,794
Total Restricted	<u>-</u>	<u>-</u>	<u>5,050,385</u>	<u>5,050,385</u>
Assigned for:				
Instruction	94	-	-	94
Support Services	64,746	-	-	64,746
Subsequent Year Appropriations	2,708,655	-	-	2,708,655
Public School Support	119,065	-	-	119,065
Total Assigned	<u>2,892,560</u>	<u>-</u>	<u>-</u>	<u>2,892,560</u>
Unassigned	33,615,468	(320,124)	(278,917)	33,016,427
Total Fund Balance	<u>\$ 36,586,502</u>	<u>\$ (320,124)</u>	<u>\$ 4,771,468</u>	<u>\$ 41,037,846</u>

The following funds had deficit fund balances at fiscal year-end:

	Deficit
ESSER	\$ 320,124
<b><i>Non-Major Governmental Funds</i></b>	
439 - EARLY CHILDHOOD EDUCATION	47,477
516 - TITLE VI-B	114,977
572 - TITLE I	113,700
587 - EARLY CHILDHOOD SPECIAL GRANT	17
590 - CLASSROOM REDUCTION	1,353
599 - OTHER FEDERAL GRANTS	1,393
Total	<u>\$ 599,041</u>

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These fund deficits resulted from the application of accounting principles generally accepted in the United States of America. The General Fund is liable for the deficits and provides operating transfers when cash is required, not when accruals occur.

**NOTE 15 – INTERFUND ACTIVITY**

**Interfund Transfers**

Transfers are generally used to either (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the Bond Retirement Fund as debt service payments become due, or (3) use unrestricted revenues collected in the General Fund to finance various program accounted for in other funds in accordance with budgetary authorizations.

During the fiscal year, transfers were as follows:

	Transfer Out	Transfer In
General Fund	\$ 1,450	\$ -
Other Governmental Funds	-	1,450
Total	\$ 1,450	\$ 1,450

**Interfund Advances**

On an as-needed basis, the District’s General Fund advances cash to other funds of the District to eliminate cash deficits. As of June 30, 2023, receivables and payables that resulted from prior year advance transactions were as follows:

Fund	Advance In	Advance Out
General Fund	\$ -	\$ 240,310
Other Governmental Funds	240,310	-
Total	\$ 240,310	\$ 240,310

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**NOTE 16 – CONTINGENCIES**

**Grants** – The 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.

**Litigation** – There are currently a few matters in litigation with the District as defendant. It is the opinion of management that the potential claims against the District not covered by insurance would not materially affect the financial statements.

**NOTE 17 – SIGNIFICANT COMMITMENTS**

**Encumbrance Commitments** – The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District’s encumbrances in governmental funds were as follows:

Fund	Amount
General	\$ 75,551
ESSER	500
Nonmajor Governmental	230,975
	\$ 307,026

**NOTE 18 – RESTATEMENT OF NET POSITION**

The District’s fiscal year 2022 financial statements were restated due to the District changing their capital asset threshold from \$1,500 to \$5,000. A summary of changes in net position for the fiscal year ended June 30, 2022 is as follows:

	Governmental Activities
Net Position, June 30, 2022	\$ 45,232,642
Depreciable Capital Assets, Net	(163,873)
Net Position, July 1, 2022	\$ 45,068,769

**REQUIRED SUPPLEMENTARY INFORMATION**



**Hamilton Local School District**  
**Franklin County, Ohio**  
*Schedule of District's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>State Employees Retirement System (SERS)</b>										
District's Proportion of the Net Pension Liability	0.1019360%	0.1140492%	0.1080947%	0.1087705%	0.1110012%	0.1174833%	0.1169370%	0.1138244%	0.1083000%	0.1083000%
District's Proportionate Share of the Net Pension Liability	\$ 5,513,492	\$ 4,208,085	\$ 7,149,611	\$ 6,507,930	\$ 6,357,244	\$ 7,019,368	\$ 8,558,709	\$ 6,494,931	\$ 5,481,001	\$ 6,440,254
District's Covered Payroll	\$ 3,927,850	\$ 3,770,486	\$ 3,793,300	\$ 3,703,430	\$ 3,628,970	\$ 3,872,423	\$ 3,677,477	\$ 3,422,508	\$ 3,155,190	\$ 3,003,222
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.37%	111.61%	188.48%	175.73%	175.18%	181.27%	232.73%	189.77%	173.71%	214.44%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
<b>State Teachers Retirement System (STRS)</b>										
District's Proportion of the Net Pension Liability	0.12097900%	0.12326373%	0.12287573%	0.12156915%	0.12138018%	0.12633742%	0.12391827%	0.12466853%	0.11979199%	0.11979199%
District's Proportionate Share of the Net Pension Liability	\$ 26,893,785	\$ 15,760,376	\$ 29,731,554	\$ 26,884,287	\$ 26,688,776	\$ 30,011,725	\$ 41,479,180	\$ 34,454,735	\$ 29,137,558	\$ 34,708,468
District's Covered Payroll	\$ 16,629,871	\$ 15,299,136	\$ 14,880,143	\$ 14,322,586	\$ 13,791,638	\$ 14,181,228	\$ 13,530,187	\$ 13,240,308	\$ 12,925,871	\$ 12,451,319
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	161.72%	103.01%	199.81%	187.71%	193.51%	211.63%	306.57%	260.23%	225.42%	278.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

See accompanying notes to the required supplementary information.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Schedule of District Pension Contributions*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>State Employees Retirement System (SERS)</i></b>										
Contractually Required Contribution	\$ 575,177	\$ 549,899	\$ 527,868	\$ 531,062	\$ 499,963	\$ 489,911	\$ 542,139	\$ 514,847	\$ 451,087	\$ 437,309
Contributions in Relation to the Contractually Required Contribution	<u>575,177</u>	<u>549,899</u>	<u>527,868</u>	<u>531,062</u>	<u>499,963</u>	<u>489,911</u>	<u>542,139</u>	<u>514,847</u>	<u>451,087</u>	<u>437,309</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,108,407	\$ 3,927,850	\$ 3,770,486	\$ 3,793,300	\$ 3,703,433	\$ 3,628,970	\$ 3,872,423	\$ 3,677,477	\$ 3,422,508	\$ 3,155,190
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
<b><i>State Teachers Retirement System (STRS)</i></b>										
Contractually Required Contribution	\$ 2,340,280	\$ 2,328,182	\$ 2,141,879	\$ 2,083,220	\$ 2,005,162	\$ 1,930,829	\$ 1,985,372	\$ 1,894,226	\$ 1,853,643	\$ 1,680,363
Contributions in Relation to the Contractually Required Contribution	<u>2,340,280</u>	<u>2,328,182</u>	<u>2,141,879</u>	<u>2,083,220</u>	<u>2,005,162</u>	<u>1,930,829</u>	<u>1,985,372</u>	<u>1,894,226</u>	<u>1,853,643</u>	<u>1,680,363</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 16,716,286	\$ 16,629,871	\$ 15,299,136	\$ 14,880,143	\$ 14,322,588	\$ 13,791,638	\$ 14,181,228	\$ 13,530,187	\$ 13,240,308	\$ 12,925,871
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

**Hamilton Local School District**  
**Franklin County, Ohio**

*Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)*

*Last Seven Fiscal Years (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>State Employees Retirement System (SERS)</i></b>							
District's Proportion of the Net OPEB Liability	0.1006811%	0.1111580%	0.1045560%	0.1056470%	0.1091548%	0.1162919%	0.1163997%
District's Proportionate Share of the Net OPEB Liability	\$ 1,413,573	\$ 2,103,752	\$ 2,272,344	\$ 2,656,792	\$ 3,028,249	\$ 3,120,969	\$ 3,317,823
District's Covered Payroll	\$ 3,927,850	\$ 3,770,486	\$ 3,793,300	\$ 3,703,430	\$ 3,628,970	\$ 3,872,423	\$ 3,677,477
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.99%	55.80%	59.90%	71.74%	83.45%	80.59%	90.22%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%
<b><i>State Teachers Retirement System (STRS)</i></b>							
District's Proportion of the Net OPEB Liability (Asset)	0.12097900%	0.12364000%	0.12287600%	0.12156900%	0.12138018%	0.12633742%	0.12391827%
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,132,549)	\$ (2,598,920)	\$ (2,159,543)	\$ (2,013,474)	\$ (1,950,456)	\$ 4,929,220	\$ 6,627,181
District's Covered Payroll	\$ 16,629,871	\$ 15,299,136	\$ 14,880,143	\$ 14,322,586	\$ 13,791,638	\$ 14,181,228	\$ 13,530,187
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-18.84%	-16.99%	-14.51%	-14.06%	-14.14%	34.76%	48.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	230.73%	174.73%	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**Hamilton Local School District  
Franklin County, Ohio**

*Schedule of District OPEB Contributions*

*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>State Employees Retirement System (SERS)</i></b>										
Contractually Required Contribution (1)	\$ 67,566	\$ 47,597	\$ 41,665	\$ 31,158	\$ 55,717	\$ 90,289	\$ 49,845	\$ 50,061	\$ 69,064	\$ 42,230
Contributions in Relation to the Contractually Required Contribution	67,566	47,597	41,665	31,158	55,717	90,289	49,845	50,061	69,064	42,230
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 4,108,407	\$ 3,927,850	\$ 3,770,486	\$ 3,793,300	\$ 3,703,433	\$ 3,628,970	\$ 3,872,423	\$ 3,677,477	\$ 3,422,508	\$ 3,155,190
Contributions as a Percentage of Covered Payroll (1)	1.64%	1.21%	1.11%	0.82%	1.50%	2.49%	1.29%	1.36%	2.02%	1.34%
<b><i>State Teachers Retirement System (STRS)</i></b>										
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 130,045
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	-	-	-	130,045
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 16,716,286	\$ 16,629,871	\$ 15,299,136	\$ 14,880,143	\$ 14,322,588	\$ 13,791,638	\$ 14,181,228	\$ 13,530,187	\$ 13,240,308	\$ 12,925,871
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.01%

See accompanying notes to the required supplementary information.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to Schedules of Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 - NET PENSION LIABILITY**

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

***Changes in Assumptions - SERS***

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Benefit Terms - SERS***

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to Schedules of Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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***Changes in Assumptions – STRS***

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense, including price inflation:**

Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Hamilton Local School District  
Franklin County, Ohio**

*Notes to Schedules of Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023*

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**Pre-Medicare Trend Assumption**

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

**Medicare Trend Assumption**

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Assumptions – STRS***

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

**Hamilton Local School District**  
**Franklin County, Ohio**  
*Notes to Schedules of Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms – STRS***

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.



**HAMILTON LOCAL SCHOOL DISTRICT  
FRANKLIN 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 Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Donation):			
National School Lunch Program	10.555	N/A	\$ 157,066
Non-Cash Assistance Subtotal:			<u>157,066</u>
Cash Assistance:			
School Breakfast Program	10.553	N/A	349,752
National School Lunch Program	10.555	N/A	1,045,191
Cash Assistance Subtotal:			<u>1,394,943</u>
Total Child Nutrition Cluster			1,552,009
State (P-EBT) Administrative Costs Grant	10.649	N/A	<u>3,135</u>
Total U.S. Department of Agriculture			<u><b>1,555,144</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Facilities Construction Commission</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>230,073</u>
Total U.S. Department of Treasury			<u><b>230,073</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	N/A	830,132
Non-Competitive SSI	84.010A	N/A	<u>46,720</u>
Total Title I Grants to Local Educational Agencies			876,852
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027A	N/A	763,500
Special Education - Preschool Grant	84.173A	N/A	<u>13,670</u>
Total Special Education Cluster (IDEA)			777,170
Supporting Effective Instruction State Grants	84.367A	N/A	122,093
Student Support and Academic Enrichment Program	84.424A	N/A	62,207
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	2021/2022	1,359,324
American Rescue Plan-Emergency and Secondary School Emergency Relief (ARP ESSER)	84.425U	2021/2022	2,897,178
American Rescue Plan – ESSER – Homeless Children and Youth	84.425W	2021/2022	<u>1,342</u>
Total Education Stabilization Fund			4,257,844
Total U.S. Department of Education			<u><b>6,096,166</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$7,881,383</b></u>

*The accompanying notes are an integral part of this schedule.*

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

**NOTE B – 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 fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

Hamilton Local School District  
Franklin County  
775 Rathmell Road  
Columbus, Ohio 43207

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 Hamilton Local School District, Franklin 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 January 19, 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

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

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

***Purpose of This Report***

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

*BHM CPA Group*

BHM CPA Group Inc.  
Piketon, Ohio  
January 19, 2024



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

Hamilton Local School District  
Franklin County  
775 Rathmell Road  
Columbus, Ohio 43207

To the Board of Education:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Hamilton Local School District's, Franklin 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 each of Hamilton Local School District's major federal programs for the year ended June 30, 2023. Hamilton Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

***Basis for Opinion on Each Major Federal Program***

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2023-001 to be a significant deficiency.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the internal control over the compliance finding identified in our audit described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



BHM CPA Group, Inc.  
Piketon, Ohio  
January 19, 2024

**Hamilton Local School District**  
**Franklin County**  
Schedule of Findings  
2 CFR § 200.515  
June 30, 2023

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.515(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (AL #84.027, 84.173) Title I Grants to Local Educational Agencies (AL #84.010) Coronavirus State and Local Fiscal Recovery Funds (AL #21.027)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes



**Hamilton Local School District**  
**Franklin County**  
Schedule of Findings  
*2 CFR § 200.515*  
June 30, 2023

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

**Significant Deficiency – Incomplete Records for Recoding of Expenditures**

<b>Finding Number:</b>	<b>2023-001</b>
<b>Assistance Listing Number and Title:</b>	<b>AL #84.027, #84.173 Special Education Cluster AL# 84.010 Title I Grants to Local Educational Agencies</b>
<b>Federal Award Number/Year:</b>	<b>2023</b>
<b>Federal Agency:</b>	<b>United States Department of Education</b>
<b>Compliance Requirement:</b>	<b>Allowable Costs/Cost Principles</b>
<b>Pass-Through Entity:</b>	<b>Ohio Department of Education</b>
<b>Repeat Finding from Prior Audit:</b>	<b>No</b>

**Criteria:** Federal regulation (2 CFR 200.303(a)) requires that non-federal entities must establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:** We performed tests of controls and compliance over allowable costs/cost principles for personnel and nonpayroll expenditures charged during fiscal year 2023. Through testing and risk assessment, it was noted that the District reallocated personnel and nonpayroll expenditures from the General fund to the Title I fund, the IDEA fund, IDEA early education fund. Details of the exact transactions reallocated to be charged to federal funds were not maintained. We performed alternative procedures to establish a population of transactions which were reallocated from the General Fund and found the costs charged were allowable.

**Cause:** The District did not implement policies and procedures to ensure complete and accurate standards for documentation of personnel and nonpayroll expenses.

**Effect:** The result of this is an increased risk of noncompliance related to allowable costs and cost principles.

**Recommendation:** We recommend the District evaluate applicable controls and determine why they could be ineffective in preventing noncompliance.

**Officials’ Response:** See Corrective Action Plan



## Office of the Treasurer

Brian W. Wilson, Treasurer  
Hamilton Local School District  
775 Rathmell Road  
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Phone: 614.491.8044x1206  
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[www.hamiltonrangers.org](http://www.hamiltonrangers.org)

### Hamilton Local School District Franklin County, Ohio

Corrective Action Plan  
2 CFR § 200.515  
June 30, 2023

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#### Corrective Action Plan for Finding 2023-001:

##### Finding Control Number: 2023-001

**Corrective Action:** The district has contracted with the ESC of Central Ohio for an accountant to help with the timely filing of all federal grant requirements. By timely completing project cash requests we will be able to see if variances require changes in the grant budgets. This will minimize correcting entries in the last week of the fiscal year where mistakes tend to happen in the rush to close the year.

**Contact Person:** The official responsible for completing the corrective action is listed below:

Brian Wilson  
Hamilton Local School District Treasurer  
Phone: (614) 491-8044  
Email: [bwilson@hlsd.org](mailto:bwilson@hlsd.org)

# OHIO AUDITOR OF STATE KEITH FABER



**HAMILTON LOCAL SCHOOL DISTRICT**

**FRANKLIN 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)