



OHIO AUDITOR OF STATE  
**KEITH FABER**





**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY  
JUNE 30, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ada Exempted Village School District  
Hardin County  
725 West North Avenue  
Ada, Ohio 45810

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ada Exempted Village School District, Hardin County, Ohio (the District), as of and for the fiscal 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 cash-basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Ada Exempted Village School District, as of June 30, 2023, and the respective changes in cash-basis financial position and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the cash-basis of accounting described in Note 2.

#### ***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.

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

**Supplementary Information**

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basis 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 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 to 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Information**

We applied no procedures to management's discussion and analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 14, 2024

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The management's discussion and analysis of the Ada Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2023 are as follows:

- The total net cash position of the District increased \$154,108 or 1.68% from fiscal year 2022's position.
- General cash receipts accounted for \$11,554,425 or 82.72% of total governmental activities cash receipts. Program specific cash receipts accounted for \$2,414,489 or 17.28% of total governmental activities cash receipts.
- The District had \$13,814,806 in cash disbursements related to governmental activities; \$2,414,489 of these cash disbursements were offset by program specific charges for services, grants, contributions, or interest. General cash receipts (primarily taxes and grants and entitlements) of \$11,554,425 were adequate to provide for these programs.
- The District's only major fund is the general fund. The general fund had cash receipts of \$11,660,689 in 2023. The cash disbursements and other financing uses of the general fund totaled \$11,506,098 in 2023. The general fund's cash balance increased \$154,591 from 2022 to 2023.

**Using these Cash Basis Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, there is one major governmental fund. The general fund is the only major fund.

**Reporting the District as a Whole**

***Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis***

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did the District perform financially during 2023?" These statements include *only net cash position* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Governmental Activities include the District's programs and services including instruction, support services which include operation and maintenance of plant and pupil transportation, extracurricular activities, and food service operations.

**Reporting the District's Most Significant Funds**

***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 three categories: governmental funds, proprietary funds, and fiduciary funds. The District has no proprietary or fiduciary funds.

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund. The analysis of the District's major governmental funds begins on page 10.

***Governmental Funds***

All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 15-16 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

***Notes to the Financial Statements***

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**The District as a Whole**

Recall that the Statement of Net Position – Cash Basis provides the perspective of the District as a whole. The table below provides a summary of the District's net cash position at June 30, 2023 and June 30, 2022.

	<b>Net Cash Position</b>	
	Governmental Activities	Governmental Activities
	<u>2023</u>	<u>2022</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 9,322,198	\$ 9,168,139
Cash and cash equivalents with escrow agent	<u>20,887</u>	<u>20,838</u>
Total assets	<u>9,343,085</u>	<u>9,188,977</u>
<u>Net Cash Position</u>		
Restricted	1,405,799	1,786,710
Unrestricted	<u>7,937,286</u>	<u>7,402,267</u>
Total net cash position	<u>\$ 9,343,085</u>	<u>\$ 9,188,977</u>

The total net cash position of the District increased \$154,108, which represents a 1.68% increase from fiscal year 2022's position.

The balance of government-wide unrestricted net cash position of \$7,937,286 may be used to meet the government's ongoing obligations to citizens and creditors.

The table on the following page shows the changes in net cash position for fiscal year 2023 and 2022.

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

	<b>Change in Net Cash Position</b>	
	Governmental Activities 2023	Governmental Activities 2022
	<u>2023</u>	<u>2022</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services and sales	\$ 528,115	\$ 342,573
Operating grants and contributions	1,686,374	2,200,405
Capital grants and contributions	200,000	-
Total program cash receipts	<u>2,414,489</u>	<u>2,542,978</u>
General cash receipts:		
Property and other taxes	5,376,673	5,582,482
Unrestricted grants	5,953,578	5,511,325
Investment earnings	133,585	19,911
Miscellaneous	90,589	38,160
Total general cash receipts	<u>11,554,425</u>	<u>11,151,878</u>
Total cash receipts	<u>13,968,914</u>	<u>13,694,856</u>
<b>Cash Disbursements:</b>		
Instruction:		
Regular	5,632,675	5,569,960
Special	1,567,085	1,556,957
Vocational	67,131	58,730
Other	92,599	86,849
Support services:		
Pupil	671,617	580,791
Instructional staff	252,889	308,075
Board of education	31,722	34,045
Administration	993,213	1,085,848
Fiscal	384,241	374,384
Operations and maintenance	1,413,548	1,260,494
Pupil transportation	619,771	409,609
Central	152,682	91,360
Operation of non-instructional services:		
Food service operations	424,842	468,903
Extracurricular	564,597	515,388
Facilities acquisition and construction	166,569	212,871
Debt service:		
Principal retirement	770,000	770,000
Interest and fiscal charges	9,625	28,105
Total cash disbursements	<u>13,814,806</u>	<u>13,412,369</u>
Change in net cash position	154,108	282,487
Net cash position at beginning of year	<u>9,188,977</u>	<u>8,906,490</u>
Net cash position at end of year	<u><u>\$ 9,343,085</u></u>	<u><u>\$ 9,188,977</u></u>

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

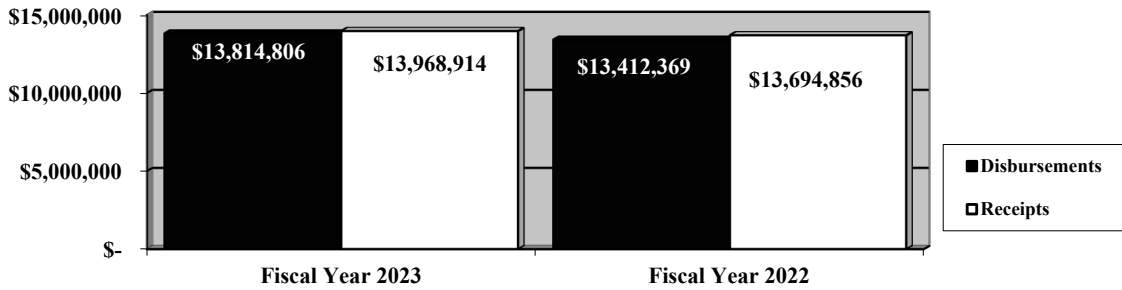
**Governmental Activities**

Governmental cash position increased \$154,108 in fiscal year 2023 from fiscal year 2022's position. Governmental program receipts of \$2,414,489 and general receipts of \$11,554,425 were adequate to offset governmental disbursements of \$13,814,806. Program revenues supported 17.48% of the total governmental disbursements.

The primary sources of receipts for governmental activities are derived from property taxes, payment in lieu of taxes, income taxes, and grants and entitlements. These receipt sources represent 81.11% of total governmental receipts.

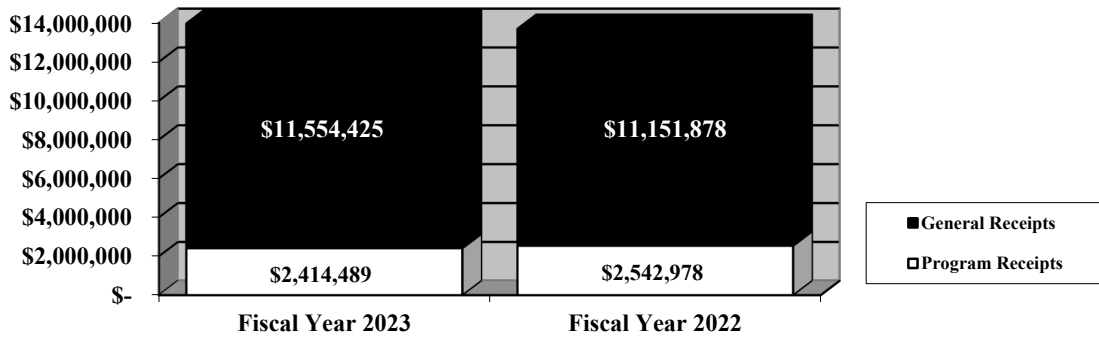
The graph below presents the District's governmental activities receipts and disbursements for fiscal years 2023 and 2022.

**Governmental Activities - Receipts and Disbursements**



The graph below presents the District's governmental activities receipts for fiscal years 2023 and 2022.

**Governmental Activities - General and Program Receipts**



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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
<b>Cash disbursements</b>				
Instruction:				
Regular	\$ 5,632,675	\$ 5,437,632	\$ 5,569,960	\$ 5,185,460
Special	1,567,085	688,400	1,556,957	659,525
Vocational	67,131	24,414	58,730	24,601
Other	92,599	92,599	86,849	86,849
Support services:				
Pupil	671,617	447,833	580,791	369,274
Instructional staff	252,889	241,972	308,075	306,996
Board of education	31,722	31,722	34,045	34,045
Administration	993,213	993,213	1,085,848	1,085,848
Fiscal	384,241	384,241	374,384	374,149
Operations and maintenance	1,413,548	1,096,244	1,260,494	1,115,250
Pupil transportation	619,771	608,541	409,609	398,763
Central	152,682	120,868	91,360	58,296
Operation of non-instruction services:				
Food service operations	424,842	(58,076)	468,903	(162,809)
Extracurricular	564,597	344,520	515,388	322,168
Facilities acquisition and construction	166,569	166,569	212,871	212,871
Debt service:				
Principal retirement	770,000	770,000	770,000	770,000
Interest and fiscal charges	9,625	9,625	28,105	28,105
<b>Total</b>	<b>\$ 13,814,806</b>	<b>\$ 11,400,317</b>	<b>\$ 13,412,369</b>	<b>\$ 10,869,391</b>

The dependence upon general cash receipts for instructional activities is apparent; with 84.83% of cash disbursements supported through taxes and other general cash receipts during 2023. For all governmental activities, general receipt support is 82.52%.

**The District's Funds**

The District's governmental funds reported a combined fund cash balance of \$9,343,085, which is \$154,108 more than last year's total of \$9,188,977. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2023 and June 30, 2022, for all major and nonmajor governmental funds.

	Fund Cash Balance <u>June 30, 2023</u>	Fund Cash Balance <u>June 30, 2022</u>	<u>Change</u>
Major Funds:			
General	\$ 7,599,782	\$ 7,445,191	\$ 154,591
Nonmajor Governmental Funds	<u>1,743,303</u>	<u>1,743,786</u>	<u>(483)</u>
<b>Total</b>	<b>\$ <u>9,343,085</u></b>	<b>\$ <u>9,188,977</u></b>	<b>\$ <u>154,108</u></b>

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

***General Fund***

The general fund, the District's primary major fund, had cash receipts of \$11,660,689 in 2023. The cash disbursements and other financing uses of the general fund totaled \$11,506,098 in 2023. The general fund's cash balance increased \$154,591 from 2022 to 2023.

The tables that follow assist in illustrating the cash receipts and disbursements of the general fund.

	2023 Amount	2022 Amount	Percentage Change
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 4,819,261	\$ 4,609,042	4.56 %
Intergovernmental	6,512,791	6,023,020	8.13 %
Investment earnings	129,406	19,233	572.83 %
Tuition and fees	126,785	130,076	(2.53) %
Extracurricular	2,142	4,799	(55.37) %
Contributions and donations	41,326	17,300	138.88 %
Payment in lieu of taxes	9,270	8,594	7.87 %
Other local revenues	19,708	20,860	(5.52) %
Total	<u>\$ 11,660,689</u>	<u>\$ 10,832,924</u>	7.64 %
<b><u>Cash Disbursements</u></b>			
Instruction	\$ 6,779,882	\$ 6,486,859	4.52 %
Support services	3,791,840	3,699,453	2.50 %
Extracurricular	369,246	339,933	8.62 %
Facilities acquisition and construction	60,430	60,565	(0.22) %
Total	<u>\$ 11,001,398</u>	<u>\$ 10,586,810</u>	3.92 %

Overall cash receipts increased by \$827,765 or 7.64%. Investment earnings increased \$110,173 or 572.83% due to increased interest rates and interest receipts received during fiscal year 2023 compared to fiscal year 2022. The decrease in tuition and fees and increase in intergovernmental revenue was a result of changes in the State's funding model, specifically the way open enrollment revenues are calculated and reported. Other local revenues decreased primarily due to an decrease in miscellaneous receipts in the general fund.

Overall disbursements in fiscal year 2023 remained stable with a slight increase of 3.92%.

***Budgeting Highlights - General Fund***

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

For the general fund, final budget basis receipts and other financing sources were the same as the original budget. Actual cash receipts and other financing sources of \$11,584,867 were more than final budget estimates by \$418,849. Final budget basis disbursements and other financing uses were \$785,820 more than the original budget estimates. The actual budgetary basis disbursements and other financing uses of \$11,594,449 were \$459,869 less than the final budget estimates.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had \$166,569 in facilities acquisition and construction disbursements during fiscal year 2023.

***Debt Administration***

At June 30, 2023, the District had the following long-term debt obligations outstanding.

**Outstanding Debt at Year End**

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
General obligation bonds	<u>\$ -</u>	<u>\$ 770,000</u>

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

The preceding financial information reveals that the Ada Exempted Village School District has done an excellent job of managing the funds available to them.

The Ada Exempted Village School District is committed to educational and financial excellence. The community has been very supportive of the school in all aspects of the educational process. We feel confident that this amiable relationship will continue and will benefit the entire community for many years to come.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Kim Light, Treasurer, Ada Exempted Village School District, 725 W. North Ave, Ada, Ohio 45810.

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2023

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 9,322,198
Cash and cash equivalents with escrow agent	20,887
Total assets	9,343,085
 <b>Net position:</b>	
Restricted for:	
Permanent fund - expendable	27,182
Permanent fund - nonexpendable	3,433
Debt service	8,744
Capital improvements	406,645
Classroom facilities maintenance	177,974
Food service operations	311,455
Federally funded programs	191,413
Extracurricular	159,476
Other purposes	119,477
Unrestricted	7,937,286
Total net position	\$ 9,343,085

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Cash Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants Contributions, and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 5,632,675	\$ 90,558	\$ 104,485	\$ -	\$ (5,437,632)
Special	1,567,085	36,227	842,458	-	(688,400)
Vocational	67,131	-	42,717	-	(24,414)
Other	92,599	-	-	-	(92,599)
Support services:					
Pupil	671,617	-	223,784	-	(447,833)
Instructional staff	252,889	-	10,917	-	(241,972)
Board of education	31,722	-	-	-	(31,722)
Administration	993,213	-	-	-	(993,213)
Fiscal	384,241	-	-	-	(384,241)
Operations and maintenance	1,413,548	1,170	116,134	200,000	(1,096,244)
Pupil transportation	619,771	-	11,230	-	(608,541)
Central	152,682	-	31,814	-	(120,868)
Operation of non-instructional services:					
Food service operations	424,842	227,801	255,117	-	58,076
Extracurricular activities	564,597	172,359	47,718	-	(344,520)
Facilities acquisition and construction	166,569	-	-	-	(166,569)
Debt service:					
Principal retirement	770,000	-	-	-	(770,000)
Interest and fiscal charges	9,625	-	-	-	(9,625)
<b>Total governmental activities</b>	<b>\$ 13,814,806</b>	<b>\$ 528,115</b>	<b>\$ 1,686,374</b>	<b>\$ 200,000</b>	<b>(11,400,317)</b>

**General receipts:**

Property taxes levied for:	
General purposes	2,168,396
Debt service	256,733
Capital outlay	253,297
Classroom facilities maintenance	37,256
Payments in lieu of taxes	10,126
Income taxes levied for:	
General purposes	2,650,865
Grants and entitlements not restricted to specific programs	5,953,578
Investment earnings	133,585
Miscellaneous	90,589
<b>Total general cash receipts</b>	<b>11,554,425</b>
Change in net position	154,108
<b>Net position at beginning of year</b>	<b>9,188,977</b>
<b>Net position at end of year</b>	<b>\$ 9,343,085</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 7,599,782	\$ 1,722,416	\$ 9,322,198
Cash and cash equivalents with escrow agent	-	20,887	20,887
Total assets	<u>\$ 7,599,782</u>	<u>\$ 1,743,303</u>	<u>\$ 9,343,085</u>
<b>Fund balances:</b>			
Nonspendable:			
Permanent fund	\$ -	\$ 3,433	\$ 3,433
Unclaimed monies	1,361	-	1,361
Restricted:			
Debt service	-	8,744	8,744
Capital improvements	-	406,645	406,645
Classroom facilities maintenance	-	177,974	177,974
Food service operations	-	311,455	311,455
Federally funded programs	-	191,413	191,413
Extracurricular	-	159,476	159,476
Other purposes	-	145,298	145,298
Committed:			
Capital improvements	-	500,000	500,000
Assigned:			
Student instruction	30,896	-	30,896
Student and staff support	221,548	-	221,548
Facilities acquisition and construction	14	-	14
Uniform school supplies	20,618	-	20,618
Unassigned (deficit)	<u>7,325,345</u>	<u>(161,135)</u>	<u>7,164,210</u>
Total fund balances	<u>\$ 7,599,782</u>	<u>\$ 1,743,303</u>	<u>\$ 9,343,085</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts:</b>			
Property taxes	\$ 2,168,396	\$ 547,286	\$ 2,715,682
Income taxes	2,650,865	-	2,650,865
Intergovernmental	6,512,791	1,236,807	7,749,598
Investment earnings	129,406	12,307	141,713
Tuition and fees	126,785	-	126,785
Extracurricular	2,142	170,217	172,359
Rental income	1,170	-	1,170
Charges for services	-	227,801	227,801
Contributions and donations	41,326	75,121	116,447
Payment in lieu of taxes	9,270	856	10,126
Miscellaneous	18,538	37,830	56,368
<b>Total receipts</b>	<u>11,660,689</u>	<u>2,308,225</u>	<u>13,968,914</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	5,511,343	121,332	5,632,675
Special	1,108,809	458,276	1,567,085
Vocational	67,131	-	67,131
Other	92,599	-	92,599
Support services:			
Pupil	560,340	111,277	671,617
Instructional staff	241,660	11,229	252,889
Board of education	31,722	-	31,722
Administration	993,213	-	993,213
Fiscal	375,213	9,028	384,241
Operations and maintenance	1,076,535	337,013	1,413,548
Pupil transportation	395,548	224,223	619,771
Central	117,609	35,073	152,682
Operation of non-instructional services:			
Food service operations	-	424,842	424,842
Extracurricular activities	369,246	195,351	564,597
Facilities acquisition and construction	60,430	106,139	166,569
Debt service:			
Principal retirement	-	770,000	770,000
Interest and fiscal charges	-	9,625	9,625
<b>Total disbursements</b>	<u>11,001,398</u>	<u>2,813,408</u>	<u>13,814,806</u>
Excess (deficiency) of receipts over (under) disbursements	<u>659,291</u>	<u>(505,183)</u>	<u>154,108</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	504,700	504,700
Transfers (out)	<u>(504,700)</u>	<u>-</u>	<u>(504,700)</u>
<b>Total other financing sources (uses)</b>	<u>(504,700)</u>	<u>504,700</u>	<u>-</u>
Net change in fund balances	154,591	(483)	154,108
<b>Fund balances at beginning of year</b>	<u>7,445,191</u>	<u>1,743,786</u>	<u>9,188,977</u>
<b>Fund balances at end of year</b>	<u>\$ 7,599,782</u>	<u>\$ 1,743,303</u>	<u>\$ 9,343,085</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Positive (Negative)
<b>Receipts:</b>				
Property taxes	\$ 2,141,924	\$ 2,141,924	\$ 2,168,396	\$ 26,472
Income taxes	2,535,167	2,535,167	2,650,865	115,698
Intergovernmental	6,348,012	6,348,012	6,512,791	164,779
Investment earnings	18,152	18,152	128,225	110,073
Tuition and fees	89,567	89,567	83,052	(6,515)
Rental income	-	-	1,170	1,170
Contributions and donations	-	-	12,028	12,028
Payment in lieu of taxes	9,270	9,270	9,270	-
Miscellaneous	22,926	22,926	18,538	(4,388)
<b>Total receipts</b>	<u>11,165,018</u>	<u>11,165,018</u>	<u>11,584,335</u>	<u>419,317</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	5,479,908	5,559,594	5,477,173	82,421
Special	1,109,922	1,196,318	1,122,444	73,874
Vocational	73,916	74,416	67,791	6,625
Other	88,920	92,859	92,599	260
Support services:				
Pupil	617,285	619,482	560,782	58,700
Instructional staff	246,902	249,814	246,863	2,951
Board of education	31,742	36,942	32,437	4,505
Administration	1,125,230	1,129,967	1,000,574	129,393
Fiscal	373,839	388,128	378,782	9,346
Operations and maintenance	1,223,749	1,245,047	1,183,290	61,757
Pupil transportation	376,961	412,956	402,519	10,437
Central	101,042	128,426	118,053	10,373
Extracurricular activities	344,253	345,540	340,883	4,657
Facilities acquisition and construction	65,014	65,014	60,444	4,570
<b>Total disbursements</b>	<u>11,258,683</u>	<u>11,544,503</u>	<u>11,084,634</u>	<u>459,869</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(93,665)</u>	<u>(379,485)</u>	<u>499,701</u>	<u>879,186</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's disbursements	1,000	1,000	532	(468)
Transfers (out)	<u>(9,815)</u>	<u>(509,815)</u>	<u>(509,815)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(8,815)</u>	<u>(508,815)</u>	<u>(509,283)</u>	<u>(468)</u>
Net change in fund balance	(102,480)	(888,300)	(9,582)	878,718
<b>Fund balance at beginning of year</b>	7,170,012	7,170,012	7,170,012	-
<b>Prior year encumbrances appropriated</b>	164,915	164,915	164,915	-
<b>Fund balance at end of year</b>	<u>\$ 7,232,447</u>	<u>\$ 6,446,627</u>	<u>\$ 7,325,345</u>	<u>\$ 878,718</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

Ada Exempted Village School District (the “District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio, and 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 operates under a locally-elected Board form of government and provides educational services as authorized by State and/or federal agencies. The Board consists of five members elected at large for staggered four-year terms.

The District was established in 1862 through the consolidation of existing land areas and districts. The District serves an area of approximately 42 square miles. It is located in Hardin and Hancock Counties, including all of the Village of Ada, Ohio, and portions of Liberty Township in Hardin County and Orange Township in Hancock County. The District is the 495th largest in the State of Ohio (among 610 school districts) in terms of enrollment. It is staffed by 37 non-certified employees, 69 certified teaching personnel and 5 administrative employees to provide services to 825 students and other community members. The District currently operates two instructional buildings, one administrative wing connected to two gymnasiums, one storage building and one garage.

**Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, “*The Financial Reporting Entity*” as amended by GASB Statement No. 39, “*Determining Whether Certain Organizations Are Component Units*”, and GASB Statement No. 61, “*The Financial Reporting Entity: Omnibus*”. The reporting entity is composed of the primary government and component units. 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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 when the District’s relationship with the organization further results in a financial benefit or burden of the District. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. The District does not have any component units.

The District is associated with six organizations of which two are defined as jointly governed organizations, one a related organization, and three insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, Apollo Career Center, Ada Public Library, Hardin County School Employees Health and Welfare Benefit Plan and Trust, the Sheakley/Better Business Bureau of Central Ohio, Inc. Workers’ Compensation Group Rating Program, and the Ohio School Plan. These organizations are presented in Notes 12, 13 and 14 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.B, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the District’s accounting policies.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only has governmental funds.

*GOVERNMENTAL FUNDS*

An emphasis is placed on major funds within the governmental category. Governmental funds are those through which the governmental functions of the District are financed. A fund is considered major if it is the primary operating fund of the District or total assets, receipts, or disbursements of that individual governmental fund are both at least ten and five percent of the corresponding total for all governmental funds. Discretionary major funds are those that do not meet the major fund criteria but are considered of importance to the District. The following is the District's major governmental fund:

*General Fund* - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**B. Basis of Accounting**

Although Ohio Administrative Code §117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting, which is a financial reporting framework other than generally accepted accounting principles in the United States of America. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. Basis of Presentation**

*Government-Wide Financial Statements* - The Statement of Net Position and Statement of Activities display information about the District as a whole. The statements include all funds of the District.

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program receipts for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District with certain limited exceptions. The comparison of direct expenses with program receipts identifies the extent to which each governmental function is self-financing or draws from the general resources of the District. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.



**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**D. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level of disbursements. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

TAX BUDGET

With the passage of House Bill #129 (spring 2001), a county budget commission may waive the submission of a subdivision's annual tax budget. On August 6, 2002, the Hardin County Budget Commission adopted a resolution waiving the requirement for the adoption of a tax budget for fiscal year 2004 and all future fiscal years for all school districts within Hardin County. In lieu of a full tax budget, the Commission will require the school districts to submit a copy of the five-year forecast annually by October 31<sup>st</sup> for fiscal year 2022 and November 30<sup>th</sup> for fiscal year 2023. This waiver of the tax budget does not change any other financial reporting requirements.

ESTIMATED RESOURCES

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.

APPROPRIATIONS

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of disbursements, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted; however, none of these amendments were significant.

ENCUMBRANCES

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations.

LAPSING OF APPROPRIATIONS

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

**E. Cash and Cash Equivalents**

To improve cash management, cash for daily operations for all District funds is pooled in a central bank account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records.

During fiscal year 2023, the District's investments consisted of negotiable certificates of deposit, the State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Government money market funds, commercial paper, federal agency securities and U.S. Treasury Bills and Notes. With the exception of STAR Ohio, investments are reported at cost.

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$129,406, of which \$13,881 is assigned from the other funds.

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

Cash and cash equivalents with escrow agent represents money held in a retainage account.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**F. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. Compensated Absences**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the District.

**H. Long-Term Debt**

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, financed purchase transaction or SBITA is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease and SBITA payments and financed purchase payments are reported when paid.

**I. Subscription Based Information Technology Arrangements (SBITAs)**

The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

**J. Fund Balance**

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

Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

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

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

**K. Intergovernmental Receipts**

Unrestricted intergovernmental entitlements are recorded as revenue when the entitlement is received. Federal and State reimbursement type grants are recorded as revenue when the grant is received.

**L. Net Position**

Restricted net position (cash-basis) consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net position restricted for other purposes include resources restricted for music, athletic, and library programs, and for unclaimed monies. Unrestricted net position consists of all other resources that do not meet the definition of “restricted”.

**M. Receipts and Disbursements**

Program Receipts: In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the District’s taxpayers are reported as program receipts. The District has the following program receipts: charges for services and sales; and operating grants, contributions, and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2023, the District has implemented GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The notes to the basic financial statements include the disclosure requirements under the Statement.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve 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 GASB Statement No. 99 did not have an effect on the financial statements of the District.

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Deficit Fund Balances**

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Miscellaneous State Grants	\$ 92,614
Elementary and Secondary School Emergency Relief (ESSER)	57,330
IDEA, Part B	1,622
Title I, Disadvantaged Children	1,010
Improving Teacher Quality	8,559

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of the 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 to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of the federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair 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;

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

Investments in stripped principal or interest obligations, reverse purchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash and cash equivalents with escrow agent**

At fiscal year end, the District had \$20,887 in cash with escrow agent related to the District's facilities project. This amount is not included in the carrying amount of deposits described below.

**B. Deposits**

At fiscal year end, the carrying amount of the District's deposits was \$4,883,538 and the bank balance was \$5,079,076. Of the bank balance, \$301,159 was covered by the Federal Deposit Insurance Corporation and \$4,777,917 was covered through the Ohio Pooled Collateral System (OPCS).

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

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

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

Investments are reported at the cash purchase price (cost) value. As of June 30, 2023, the District has the following investments:

Investment type	Carrying Value	Investments Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	\$ 847,429	\$ 847,429	\$ -	\$ -	\$ -	\$ -
FHLB	304,788	154,788	100,000	50,000	-	-
FFCB	299,182	-	-	99,848	-	199,334
U.S. Treasury Note	490,751	-	490,751	-	-	-
Negotiable CD's	1,593,168	-	248,751	393,606	422,667	528,144
Commercial Paper	883,293	499,654	383,639	-	-	-
U.S. Government Money Market	20,049	20,049	-	-	-	-
<b>Total</b>	<b>\$ 4,438,660</b>	<b>\$ 1,521,920</b>	<b>\$ 1,223,141</b>	<b>\$ 543,454</b>	<b>\$ 422,667</b>	<b>\$ 727,478</b>

The weighted average maturity of investments is 0.99 years.

*Interest Rate Risk:* The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the District.

*Credit Risk:* STAR Ohio carries a rating of AAAM by Standard and Poor's. The District's investments in federal agency securities (FHLB, FFCB) and U.S. Treasury Notes were rated Aaa and AA+ by Moody's Investor Services and Standard & Poor's, respectively. The commercial paper investments were rated P-1 and A-1 or A-1+ by Moody's Investor Services and Standard & Poor's, respectively. The District's negotiable certificates of deposit and U.S. government money market were not rated but are fully insured by FDIC coverage. The District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio must maintain the highest rating provided by at least one nationally recognized standard rating service.

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

The following table includes the percentage of each investment type held by the District at June 30, 2023:

Investment type	Carrying Value	% of Total
STAR Ohio	\$ 847,429	19.09%
FHLB	304,788	6.87%
FFCB	299,182	6.74%
U.S. Treasury Note	490,751	11.06%
Negotiable CD's	1,593,168	35.89%
Commercial Paper	883,293	19.90%
U.S. Government Money Market	20,049	0.45%
<b>Total</b>	<b>\$ 4,438,660</b>	<b>100.00%</b>



**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - cash basis as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,883,538
Cash with escrow agent	20,887
Investments	<u>4,438,660</u>
 Total	 <u>\$ 9,343,085</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 9,343,085
 Total	 <u>\$ 9,343,085</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Transfers for the fiscal year ended June 30, 2023, as reported on the fund statements, consist of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	\$ 504,700

Transfers are used to move cash receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**NOTE 6 - PROPERTY TAXES**

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

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

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 6 - PROPERTY TAXES - (Continued)**

The Counties' Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023 are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 107,633,530	95.23	\$ 109,871,100	95.01
Public utility personal	<u>5,389,040</u>	<u>4.77</u>	<u>5,774,670</u>	<u>4.99</u>
<b>Total</b>	<u>\$ 113,022,570</u>	<u>100.00</u>	<u>\$ 115,645,770</u>	<u>100.00</u>
 Tax rate per \$1,000 of assessed valuation	 \$46.60		 \$40.20	

**NOTE 7 - INCOME TAX**

The District levies a voted tax of 1.50% for general operations on the income of residents and of estates. One-half of the tax, .75%, was effective on January 1, 2008, renewed to be effective January 1, 2018, and will continue for five years. The other one-half of the tax, .75%, was effective on January 1, 2014, renewed to be effective January 1, 2021 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 8 - RISK MANAGEMENT**

For fiscal year 2023, the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the District contracted with Hylant Administrative Services, Inc. (Ohio School Plan) for fleet, liability insurance and property and inland marine coverage. Coverages include:

Building and Contents	(\$1,000 deductible)	\$47,353,372
Inland Marine Coverage:	(\$1,000 deductible)	
Electronic Data Processing		- included above
Musical Instruments Coverage		- included above
Boiler and Machinery		47,353,372
Automobile Liability		4,000,000
General Liability		
Per occurrence		4,000,000
Total per year		6,000,000
Umbrella		1,000,000

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8 - RISK MANAGEMENT - (Continued)**

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

The District participates in the Better Business Bureau of Central Ohio Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. A third party administrator (Sheakley Inc.) reviews each participant's claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate.

Hardin Co. School Employees Health and Welfare Benefit Plan and Trust, a public entity shared risk pool consisting of seven local school districts. The District pays monthly premiums to the Plan for employee medical, dental, life insurance and vision benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents and designated beneficiaries accruing as a result of withdrawal.

**NOTE 9 - LONG-TERM DEBT**

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

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
<b>Governmental activities:</b>	<u>06/30/22</u>			<u>06/30/23</u>	<u>due in</u>
					<u>one year</u>
2012 General Obligation Refunding Bonds	\$ 770,000	\$ -	\$ (770,000)	\$ -	\$ -
Total Long-Term Debt	<u>\$ 770,000</u>	<u>\$ -</u>	<u>\$ (770,000)</u>	<u>\$ -</u>	<u>\$ -</u>

*2012 General Obligation Refunding Bonds:* During fiscal year 2012, the District issued \$5,229,997 in refunding bonds for the purpose of repaying the classroom facilities improvement bonds issued in 2002. The new bond issue consists of \$4,835,000 in serial bonds and \$394,997 in capital appreciation bonds. The serial bonds have interest rates from 1% to 2.50% and yield rates of .5% to 2.55%, maturing each fiscal year beginning 2012 through 2017 and in 2019 through 2022. The capital appreciation bonds have a stated yield rate of 2.35%. The bonds were issued for a ten year period with final maturity of December 1, 2022. The bonds were retired from the debt service fund. The maturity value of the capital appreciation bonds, including accreted interest, is \$675,000.

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt and complete refunding was \$1,331,441. The economic gain resulting from the refunding was \$1,019,764.

The District's total voted legal debt margin was \$10,416,863 with an unvoted debt margin of \$115,646 at June 30, 2023.

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions are a present obligation because it was created as a result of employment exchanges that already have occurred.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The 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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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

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

Plan Description - The District’s non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, 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. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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 14.00%. 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 \$197,945 for fiscal year 2023.

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

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at [www.strsoh.org](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 (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment at age 50 and after termination of employment.

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

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

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

The District's contractually required contribution to STRS was \$766,479 for fiscal year 2023.

***Net Pension Liability***

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

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.034445900%	0.039507034%	
Proportion of the net pension liability current measurement date	<u>0.033450700%</u>	<u>0.039044170%</u>	
Change in proportionate share	<u>-0.000995200%</u>	<u>-0.000462864%</u>	
Proportionate share of the net pension liability	\$ 1,809,274	\$ 8,679,568	\$ 10,488,842

***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.

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The target 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 Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,663,165	\$ 1,809,274	\$ 1,089,882

**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
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 12.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% 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 the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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 Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

STRS Ohio’s 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 Real 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% and is net of investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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 Ohio’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 pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 13,111,668	\$ 8,679,568	\$ 4,931,384

*Changes Between Measurement Date and Reporting Date* - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

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

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

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$23,221.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$23,221 for fiscal year 2023.

***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 Medicare Part B monthly reimbursement elimination date was postponed indefinitely. 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% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability/Asset***

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset 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.

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.035456500%	0.039507034%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.034356900%</u>	<u>0.039044170%</u>	
Change in proportionate share	<u>-0.001099600%</u>	<u>-0.000462864%</u>	
Proportionate share of the net OPEB liability	\$ 482,374	\$ -	\$ 482,374
Proportionate share of the net OPEB asset	\$ -	\$ (1,010,983)	\$ (1,010,983)

***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.

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. 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.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

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

**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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 599,116	\$ 482,374	\$ 388,132

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 371,997	\$ 482,374	\$ 626,545

***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, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% 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.



**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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 Tables with 90% of rates for males and 100% 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.

**Assumption Changes Since the Prior Measurement Date** - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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 Real 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% and is net of investment expenses. Over a 30-year period, STRS Ohio's 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% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those 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 fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 934,628	\$ 1,010,983	\$ 1,076,389
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,048,636	\$ 1,010,983	\$ 963,457

**NOTE 12 - JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among member school districts, including both public school districts and county boards of education, in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each school supports NOACSC based upon a per pupil charge. The Governing Board of NOACSC consists of two representatives from each county and one representative from the fiscal agent. The representatives from each county are elected by a majority vote of all county member schools.

Financial information can be obtained from Ben Thaxton at 4277 East Rd., Elida, Ohio 45807.

Apollo Career Center - The Apollo Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' elected boards, which possesses its own budgeting and taxing authority.

To obtain financial information write to the Apollo Career Center, Maria Rellinger, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

**NOTE 13 - RELATED ORGANIZATION**

Ada Public Library - The Ada Public Library (the Library) is a distinct political subdivision of The State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Ada Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies.

Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees.

Financial information can be obtained from the Ada Public Library, Nancy Stauffer, Fiscal Officer, at 320 North Main, Ada, Ohio 45810.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 14 - INSURANCE PURCHASING POOLS**

Hardin County School Employees' Health and Welfare Benefit Plan Trust - The Hardin County School Employees' Health and Welfare Benefit Plan and Trust is a public entity shared risk pool consisting of seven school districts and the Ada Public Library. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental, vision and life insurance benefits to the employees of the participants. Each participant's appoints an individual to an Administrative Committee which advises the Council of Governments, Jefferson Health Plan, concerning aspects of the administration.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from the Jefferson Health Plan. Contact Mark Schlagheck, Chief Fiscal Officer, 2023 Sunset Boulevard, Steubenville, OH 43952, or visit thejeffersonhealthplan.org or call (740) 792-4010.

Sheakley/Better Business Bureau of Central Ohio, Inc. Workers' Compensation Group Rating Program - The District participates in the Sheakley/Better Business Bureau of Central Ohio Inc. Workers' Compensation Group Rating Program ("Program"), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program. The firm of Sheakley Inc. provides administrative, cost control and actuarial services to the Program.

Ohio School Plan - The School District participates in the Ohio School Plan, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its member which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, treasurers, a member of the Harcum-Schuett Insurance Agency, Inc. and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from the Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**NOTE 15 - SET ASIDE DISCLOSURE**

As stated in House Bill 412, revised in Senate Bill 345 and House Bill 30, school districts are required to maintain a reserve for capital acquisition and maintenance. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

The following demonstrates the District's compliance with set-aside requirement in House Bill 30:

	<u>Capital Improvements</u>
Set-aside balance June 30, 2022	\$ -
Current year set-aside requirement	189,991
Current year offsets	<u>(189,991)</u>
Total	<u>\$ -</u>
Set-aside balance June 30, 2023	<u>\$ -</u>

Proceeds from the sale of bonds or bond disbursements can be used to offset future years set aside requirements. The District is responsible for tracking the unused bond proceeds or disbursements.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 16 - OTHER 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 cash balance. At year end, the District’s commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 163,539
Nonmajor governmental funds	<u>317,419</u>
Total	<u>\$ 480,958</u>

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – (Budgetary Basis) presented for the General Fund is prepared on the budget basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget basis) rather than as part of the assigned fund balance (cash basis). The adjustments necessary to reconcile the cash and budget basis statements for the general fund are as follows:

<b>Net Change in Fund Balance</b>		<u>General fund</u>
Budget basis		\$ (9,582)
Funds budgeted elsewhere		1,803
Adjustment for encumbrances		<u>162,370</u>
Cash-basis		<u>\$ 154,591</u>

Certain funds that are legally budgtd in separate special revenue funds are considered part of the general fund on a cash basis. This includes the uniform school supplies fund, public school support fund and unclaimed monies fund.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is involved in no material litigation as either plaintiff or defendant.

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 18 – CONTINGENCIES - (Continued)**

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (DEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, DEW has finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the District. As a result of the fiscal year 2023 reviews, the District owes an additional \$1,473 to DEW. This amount has not been included in the financial statements.

**NOTE 19 - TAX ABATEMENTS**

The District’s property taxes were reduced as follows under enterprise zone agreements:

<u>Enterprise Zone Agreements</u>	<u>Amount of Fiscal Year 2023 Taxes Abated</u>
Harvest Pride	\$ 3,118
Marimac Prop	5,905
ATI	<u>12,229</u>
	<u>\$ 21,252</u>

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

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

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
School Breakfast Program:		
Cash Assistance	10.553	\$ 27,988
Total School Breakfast Program		<u>27,988</u>
National School Lunch Program:		
Non-Cash Assistance (Food Distribution)	10.555	37,337
Cash Assistance	10.555	258,365
COVID-19 Cash Assistance	10.555	19,340
Total National School Lunch Program		<u>315,042</u>
Total Child Nutrition Cluster		343,030
COVID-19 Pandemic EBT Administrative Costs	10.649	628
Total U.S. Department of Agriculture		<u>343,658</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>		
<i>Passed Through Ohio Facilities Construction Commission</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>2,763</u>
Total U.S. Department of Treasury		<u>2,763</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010	206,713
Special Education Cluster (IDEA):		
Special Education_Grants to States	84.027	171,040
COVID-19 Special Education_Grants to States	84.027X	3,110
Special Education_Preschool Grants	84.173	4,975
Total Special Education Cluster (IDEA)		<u>179,125</u>
Supporting Effective Instruction State Grants	84.367	25,811
Student Support and Academic Enrichment Program	84.424	12,935
COVID-19 Education Stabilization Fund		
COVID-19 Elementary and Secondary School Relief Fund (ESSER II Fund)	84.425D	71,533
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER Fund)	84.425U	249,292
Total COVID-19 Education Stabilization Fund		<u>320,825</u>
Total U.S. Department of Education		<u>745,409</u>
<b>Total Expenditures of Federal Awards</b>		<b><u>\$ 1,091,830</u></b>

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

**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY, OHIO**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Ada Exempted Village School District (the District) under programs of the federal government for the fiscal 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 or changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education and Workforce’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2023 to 2024 programs:

<b><u>Program Title</u></b>	<b><u>AL Number</u></b>	<b><u>Amt. Transferred</u></b>
Title I Grants to Local Educational Agencies	84.010	\$ 2,544.39
Special Education - Grants to States	84.027	\$ 28,934.79



# OHIO AUDITOR OF STATE KEITH FABER



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

Ada Exempted Village School District  
Hardin County  
725 West North Avenue  
Ada, Ohio 45810

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 cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Ada Exempted Village School District, Hardin County, (the District) as of and for the fiscal 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 May 14, 2024, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2023-001.

***District's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and 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 the financial statements and, accordingly, we express no opinion on the response.

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 14, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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## 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

Ada Exempted Village School District  
Hardin County  
725 West North Avenue  
Ada, Ohio 45810

To the Board of Education

### Report on Compliance for Each Major Federal Program

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

We have audited Ada Exempted Village School District's, Hardin 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 Ada Exempted Village School District's major federal programs for the fiscal year ended June 30, 2023. Ada Exempted Village 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, Ada Exempted Village 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 fiscal 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**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

May 14, 2024

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**ADA EXEMPTED VILLAGE SCHOOL DISTRICT  
HARDIN COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster (ALN 10.553 and 10.555)  COVID-19 Education Stabilization Fund (ALN 84.425D and ALN 84.425U)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2023-001**

**Noncompliance Citation**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**FINDING NUMBER 2023-001  
(Continued)**

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**OFFICIALS' RESPONSE:**

The District acknowledges this requirement but will continue to report on the cash basis in order to save resources for the District.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None





# ADA EXEMPTED VILLAGE SCHOOL

725 West North Avenue  
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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) June 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first reported during the audit of the 2003 financial statements. Ohio Rev. Code 117.38(A) and Ohio Admin. Code 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected. Repeated in this report as finding 2023-001.	The District acknowledges this requirement but will continue to report on the cash basis in order to save resources for the District.

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# ***ADA EXEMPTED VILLAGE SCHOOL***

***725 West North Avenue  
Ada, Ohio 45810-1013***

**Phone: 419-634-6421  
Fax: 419-634-0311**

## **CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) For the Fiscal Year Ended June 30, 2023**

<b>Finding Number:</b>	2023-001
<b>Planned Corrective Action:</b>	The District acknowledges this requirement but will continue to report on the cash basis in order to save resources for the District.
<b>Anticipated Completion Date:</b>	N/A
<b>Responsible Contact Person:</b>	Kim Light, Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**ADA EXEMPTED VILLAGE SCHOOL DISTRICT**

**HARDIN 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 6/4/2024**

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

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