ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

ANTWERP LOCAL SCHOOL DISTRICT
PAULDING COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

Antwerp Local School District
Paulding County
303 South Harrmann Road
Antwerp, Ohio 45813-9574

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 Antwerp Local School District, Paulding County, Ohio (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements 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 School District, as of June 30, 2023, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the 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 School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the School 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2024

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Antwerp Local School District
Paulding County
Statement of Net Position - Cash Basis
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$ 9,150,023
Net Position	
Restricted for:	
Capital Outlay	196,750
Debt Service	13,356
Other Purposes	566,868
Unrestricted	8,373,049
Total Net Position	$ 9,150,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Antwerp Local School District
Paulding County
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	$ 4,353,138	$ 87,490	$ 148,429	$ (4,117,219)
Special	1,266,070	70,622	677,249	(518,199)
Adult/Continuing	10,000			(10,000)
Support Services:				
Pupil	463,654		102,644	(361,010)
Instructional Staff	425,249		31,459	(393,790)
Board of Education	14,078			(14,078)
Administration	1,000,891			(1,000,891)
Fiscal	368,349			(368,349)
Business	3,512			(3,512)
Operations and Maintenance of Plant	1,113,089		221,658	(891,431)
Pupil Transportation	550,378		82,714	(467,664)
Central	30,870			(30,870)
Extracurricular Activities	566,513	353,825		(212,688)
Operation of Non-Instructional Services:				
Food Service Operations	291,717	137,458	126,475	(27,784)
Community Services	7,600		6,350	(1,250)
Capital Outlay	146,034			(146,034)
Debt Service:				
Principal Retirement	115,000			(115,000)
Interest and Fiscal Charges	2,300			(2,300)
Total	$ 10,728,442	$ 649,395	$ 1,396,978	(8,682,069)

General Receipts	
Property Taxes Levied for:	
General Purposes	1,954,636
Debt Service	33,357
Capital Outlay	152,534
Income Taxes Levied for:	
General Purposes	1,619,923
Building Maintenance	25,189
Grants and Entitlements not Restricted to Specific Programs	5,360,590
Payment in Lieu of Taxes	283,528
Investment Earnings	288,333
Miscellaneous	15,740
Total General Receipts	9,733,830
Change in Net Position	1,051,761
Net Position Beginning of Year	8,098,262
Net Position End of Year	$ 9,150,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Antwerp Local School District
Paulding County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$ 8,373,049	$ 776,974	$ 9,150,023
Fund Balances			
Restricted		$ 776,974	$ 776,974
Assigned	$ 1,700,002		1,700,002
Unassigned	6,673,047		6,673,047
Total Fund Balances	$ 8,373,049	$ 776,974	$ 9,150,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Antwerp Local School District
Paulding County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and Other Local Taxes	$ 1,954,636	$ 185,891	$ 2,140,527
Income Taxes	1,619,923	25,189	1,645,112
Intergovernmental	5,889,660	857,658	6,747,318
Investment Income	288,333	200	288,533
Tuition and Fees	139,862		139,862
Extracurricular Activities	18,250	353,825	372,075
Gifts and Donations	3,900	6,150	10,050
Charges for Services		137,458	137,458
Payment in Lieu of Taxes	283,528		283,528
Miscellaneous	5,908	9,832	15,740
Total Receipts	10,204,000	1,576,203	11,780,203
Disbursements			
Current:			
Instruction:			
Regular	4,086,652	266,486	4,353,138
Special	986,492	279,578	1,266,070
Adult/Continuing	10,000		10,000
Support Services:			
Pupil	463,654		463,654
Instructional Staff	394,654	30,595	425,249
Board of Education	14,078		14,078
Administration	1,000,891		1,000,891
Fiscal	361,590	6,759	368,349
Business	3,512		3,512
Operations and Maintenance of Plant	988,822	124,267	1,113,089
Pupil Transportation	501,170	49,208	550,378
Central	30,756	114	30,870
Extracurricular Activities	229,797	336,716	566,513
Operation of Non-Instructional Services:			
Food Service Operations		291,717	291,717
Community Services		7,600	7,600
Capital Outlay	108,809	37,225	146,034
Debt Service:			
Principal Retirement		115,000	115,000
Interest and Fiscal Charges		2,300	2,300
Total Disbursements	9,180,877	1,547,565	10,728,442
Net Change in Fund Balances	1,023,123	28,638	1,051,761
Fund Balances Beginning of Year	7,349,926	748,336	8,098,262
Fund Balances End of Year	$ 8,373,049	$ 776,974	$ 9,150,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Antwerp Local School District
Paulding County
Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	**Final**	**Actual**	**Variance with Final Budget**
Receipts and Other Financing Sources	$ 9,359,136	$ 10,196,439	$ 10,166,108	$ (30,331)
Disbursements and Other Financing Uses	11,317,573	10,318,997	9,323,813	995,184
Net Change in Fund Balance	(1,958,437)	(122,558)	842,295	964,853
Fund Balance Beginning of Year	7,082,502	7,082,502	7,082,502	
Prior Year Encumbrances Appropriated	158,106	158,106	158,106	
Fund Balance End of Year	$ 5,282,171	$ 7,118,050	$ 8,082,903	$ 964,853

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Paulding County and consists of one facility and is staffed by non-certificated employees and certificated full-time teaching personnel who provide services to students as well as other community members.

A reporting entity is comprised of the primary government and other organizations that are included to insure that the financial statements of the School District are not misleading.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Antwerp Local School District, this includes general operations, food service, and student related activities of the School District.

The School District is associated with three organizations, which are defined as jointly governed organizations, and two insurance purchasing pools. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Vantage Career Center, State Support Team Region 1, Ohio School Boards Association Workers' Compensation Group Rating Program, and the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan.

Jointly Governed Organizations

Northwest Ohio Area Computer Services Cooperative - The Northwest Ohio Area Computer Services Cooperative (NOACSC) is a jointly governed organization among various educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the Cities of St. Mary’s and Wapakoneta. 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 school districts. Each of the governments of these schools supports NOACSC based on a per pupil charge dependent on the software package utilized.

The NOACSC Assembly consists of a representative from each participating school district and the superintendent from the fiscal agent. The Board of Directors consists of the superintendent from the fiscal agent and two Assembly members from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Ben Thaxton, Executive Director, 4277 East Road, Elida, Ohio 45807.

Vantage Career Center - The Vantage Career Center (Career Center), which provides vocational education to students, is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district’s elected boards, in Mercer, Putnam, Paulding, and Van Wert Counties.

The Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to Laura Peters, the Vantage Career Center Treasurer, 818 North Franklin Street, Van Wert, Ohio 45891.

State Support Team Region 1 - The State Support Team Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties. The fiscal agent for the SSTR1 is the Educational Service Center of Lake Erie West. The SSTR1 Executive Director and Single Point of Contact is Lynn McKahan. Contact information is available at www.sstr1.org.

Group Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Program - The School District participates in a group rating program (GRP) for workers' compensation as established under Ohio Revised Code Section 4123.29. The Group Rating Program was established through the Ohio School Boards Association (OSBA) as a group insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect, and Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participating districts pay an enrollment fee to cover the costs of administering the program.

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

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and statement of activities display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts, and other non-exchange receipts.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program receipts for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department, and 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 School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general resources of the School District.

FUND FINANCIAL STATEMENTS

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

B. Fund Accounting

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets or fund equity, receipts and disbursements. Funds of the School District are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

The funds of the financial reporting entity are described below:

Governmental Funds/Governmental Activities

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following is the School District's major governmental fund:

> General Fund - The General Fund is the primary operating fund of the School District and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

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

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District has no fiduciary funds.

C. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain 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.

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

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. 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 tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of budgetary control established by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds, are made by the Treasurer. The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds, including fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in this pool is presented as "Equity in Pooled Cash and Cash Equivalents."

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 School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Following Ohio Statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2023 were $288,333 which includes $27,655 assigned from other School District funds.

During the fiscal year 2023, the School District invested in STAR Ohio and negotiable certificates of deposit. All investments are reported at cost except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes.

STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants.* The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates, however, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

F. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Capital Assets

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

H. Accumulated Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement benefits.

J. Long-Term Obligations

The School 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, SBITA or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

K. Equity Classifications

GOVERNMENT-WIDE STATEMENTS

Equity is classified as net position and is displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to disbursements for specified purposes.

2. Unrestricted net position – All other net position that does not meet the definition of "restricted."

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

FUND FINANCIAL STATEMENTS

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

a. 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. It also includes the long-term amount of interfund loans.

b. 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.

c. 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.

d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed.

   These amounts are assigned by the School District's Board of Education. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated by that authority by resolution or by State statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

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

L. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

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

M. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant money is received.

N. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/other postemployment benefits (OPEB) liability (asset), information about the fiduciary net position of the retirement 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 member contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

O. Subscription-Based Information Technology Arrangements (SBITA)

For fiscal year 2023, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA) was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

P. Leases

The School District is the lessee in various leases under noncancelable leases. Lease receivables/payables are not reflected under the School District's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or, by eligible securities pledged by the financial institution as security for repayment, or by the financial institution's 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 may be deposited or invested in the following securities:

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

2. Bonds, notes, debentures, or any other obligations or 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 federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitation 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;

7. The State Treasurer's investment pool (STAR Ohio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim moneys available for investment at any one time if training requirement have been met.

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

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

Deposits – At fiscal year-end, of the School District’s bank balance of $6,895,417, $5,044,563 was covered by pledged collateral, $542,342 was covered by FDIC, and $1,308,512 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS). Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

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 protected by:

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

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

Investments

As of June 30, 2023, the School District had the following investments:

	Measurement Value	% of Total Investments	Maturities < 1 year	1 - 3 years
NAV:				
STAR Ohio	$ 1,576,820	63.66%	$1,576,820	$ -
Cost:				
Negotiable CDs	900,000	36.34%	600,000	300,000
Total Investments	$ 2,476,820	100%	$2,176,820	$ 300,000

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

Credit Risk - The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days and carries a rating of AAAm by S&P Global Ratings. The School District's negotiable certificates of deposit were not rated but are fully covered by FDIC.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable CDs are covered by FDIC. The School District has no investment policy dealing with investment custodial risk beyond the requirement in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities are transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation or transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk - The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percent of total of each investment type held by the School District at June 30, 2023.

NOTE 4 - PROPERTY TAXES

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

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

Public utility property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected with real property taxes.

Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential and Other Real Estate	$80,568,130	92%	$ 96,069,170	92%
Public Utility	6,845,680	8%	7,916,030	8%
Total	$87,413,810	100%	$103,985,200	100%
Tax rate per $1,000 of assessed valuation	$ 41.60		$ 40.50	

NOTE 5 – INCOME TAXES

The School District levies a tax of 1.5 percent for general operations and building maintenance on the income of residents and of estates. Of the overall 1.5 percent taxes, 0.75 percent is a 5 year renewable tax, last renewed in November 2019, and 0.75 percent of the income tax is a continuing tax. The School District decided to legally restrict 0.5 percent of the income tax levy for building maintenance, in lieu of the ½ millage of property tax allocation for these uses.

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 School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Classroom Facilities Maintenance Fund.

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2023, the School District contracted with Ohio School Plan for property and fleet, general liability, and inland marine insurance coverage.

Ohio School Plan (at Replacement Cost):	
Boiler and Machinery ($1,000 deductible)	$ 41,939,700
Crime Insurance ($1,000 deductible)	25,000
Automotive	
Liability	3,000,000
Uninsured Motorists	1,000,000
General Liability	
Per Occurrence	3,000,000
Per Year	5,000,000

Settled claims have not exceeded the commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

B. Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based in the rate for the GRP rather than its individual rate. Participation in the GRP is limited to the participants that can meet the GRP's selection criteria.

C. Health Care Benefits

The School District has contracted through the Southwestern Ohio Educational Purchasing Council to provide employee medical/surgical benefits and also dental benefits. The School District and the employees share the cost of the monthly premium.

NOTE 7 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

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.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar 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 percent and with a floor of 0 percent. In 2022, the Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll.

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

The School District's contractually required contribution to SERS was $129,661 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (614) 227-4090, or by visiting the STRS Web site at www.strsoh.org.

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2023, 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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $548,762 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 independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions in the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02404450%	0.02892726%	
Prior Measurement Date	0.02410980%	0.02949547%	
Change in Proportionate Share	-0.00006530%	-0.00056821%	
Proportionate Share of the Net Pension Liability	$ 1,300,514	$ 6,430,565	$ 7,731,079

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

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

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*.

A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 1,914,294	$ 1,300,514	$ 783,412

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Salary Increases	From 2.50 percent to 12.50 percent based on age.
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent

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

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

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

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board.

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 9,714,245	$ 6,430,565	$ 3,653,591

Assumption and Benefit Changes Since the Prior Measurement Date The STRS approved a one-time 1.00 percent 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 8 - DEFINED BENEFIT OPEB PLANS

See Note 7 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $15,657.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $15,657 for the 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 or by calling (614) 227-4090.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan.

Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02451660%	0.02892726%	
Prior Measurement Date	0.02469820%	0.02949470%	
Change in Proportionate Share	-0.00018160%	-0.00056744%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 344,216	$ (749,023)	$ (404,807)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Year the Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate	
Prior Measurement Date	1.92 percent
Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.13 percent to 4.40 percent
Pre-Medicare	6.75 percent to 4.40 percent
Medicaid Trend Assumption	7.00 percent to 4.40 percent

For 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 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table project to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality rate.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The 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 time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 427,521	$ 344,216	$ 276,966

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 265,452	$ 344,216	$ 447,094

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:

Salary Increases	Varies by service from 2.50 percent to 8.50 percent	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	7.50 percent	3.94 percent
Medicare	-68.78 percent	3.94 percent
Prescription Drug		
Pre-Medicare	9.00 percent	3.94 percent
Medicare	-5.47 percent	3.94 percent

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

Projected Salary Increases	Varies by service from 2.50 percent to 12.50 percent	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

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

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

Benefit Term Changes Since the Prior Measurement Date Salary increases 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 Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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 plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (692,452)	$ (749,023)	$ (797,481)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (776,919)	$ (749,023)	$ (713,811)

NOTE 9 - EMPLOYEE BENEFITS - COMPENSATED ABSENCES

The criteria for determining personal and sick leave components are derived from negotiated agreements and State laws. Classified employees earn vacation each fiscal year, depending upon length of service. Accumulated, unused personal time is paid to classified employees and administrators upon termination of employment. Teachers, administrators, and classified employees earn sick leave at the rate of 15 days per year that may be accumulated up to a total of 235 days. Personal days are earned at the rate of 3 days per year.

NOTE 10 – LONG-TERM OBLIGATIONS

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

	Principal Outstanding 7/1/2022	Additions	Reductions	Principal Outstanding 6/30/2023	Due Within One Year
General Obligations					
2012 Refunding					
Current Interest Serial and Term Bonds	$ 115,000	$ -	$ 115,000	$ -	$ -

2012 General Obligation Refunding Bonds – On May 16, 2012 the School District issued $1,805,000 in general obligation bonds for the purpose of refunding a portion of 2002 various purpose general obligation bonds originally issued in the amount of $3,260,998 for the purpose of acquisition, construction and improvements to school buildings and structures. The bond issue includes $1,805,000 of serial and term bonds at interest rates of 2 percent to 4 percent. The bonds were retired from the Bond Retirement Debt Service Fund.

The Serial Bonds will mature in various principal amounts with varying interest rates starting on December 1, 2014 and on each December 1 thereafter at 100 percent of the principal amount for the years 2014 through 2020.

The Term Bonds maturing on December 1, 2022 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years. The final principal and interest payments were made in December 2022. There are no future principal and interest requirements as of June 30, 2023.

The refunding bond issue provides resources to purchase U.S. Government securities that were placed in trust with an escrow agent, for the purpose of future debt service payments of $1,810,000 of the 2002 bond issue. As a result, the refunded bonds are considered to be defeased and the School District no longer has liabilities associated with those bonds.

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 $243,042. The economic gain resulting from the refunding was $206,864.

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NOTE 11 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Other Governmental Funds	Total Governmental Funds
Restricted for:			
Capital Outlay	$ -	$ 196,750	$ 196,750
Classroom Facilities Maintenance	-	131,707	131,707
Debt Service	-	13,356	13,356
Food Service Operations	-	142,521	142,521
Extracurricular Activities	-	132,107	132,107
Scholarships	-	39,932	39,932
Other Purposes	-	120,601	120,601
Total Restricted	-	776,974	776,974
Assigned for:			
Instruction	158,718	-	158,718
Support Services	82,681	-	82,681
Capital Outlay	48,750	-	48,750
Subsequent Year Appropriations	1,409,853	-	1,409,853
Total Assigned	1,700,002	-	1,700,002
Unassigned	6,673,047	-	6,673,047
Total Fund Balance	$8,373,049	$ 776,974	$ 9,150,023

NOTE 12 – SET-ASIDE REQUIREMENTS

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

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

		Capital Improvements
Set Aside Restricted Balance June 30, 2022	$	-
Current Year Set Aside Requirement		145,753
Current Year Offsets		(215,559)
Total	$	(69,806)
Balance Carried Forward to Fiscal Year 2024	$	-
Set Aside Restricted Balance June 30, 2023	$	-

Although the School District had offsets during the fiscal year that reduced the capital improvements set-aside amount below zero, this amount may not be used to reduce the set aside requirements of future years. Therefore, this negative balance is not presented as being carried forward to future fiscal years.

NOTE 13 – 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 (Budget Basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

(a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,

(b) Some funds are included in the General Fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the General Fund is as follows:

Net Change in Fund Balance

		General Fund
Cash Basis	$	1,023,123
Funds Budgeted Elsewhere**		16,248
Adjustment for Encumbrances		(197,076)
Budget Basis	$	842,295

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support Fund and Uniform School Supplies Fund.

NOTE 14 – CONTINGENCIES

A. Grants

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

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. Encumbrance Commitments

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance.

At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General Fund	$197,076
Nonmajor Governmental Funds	36,732
Total	$233,808

D. Contractual Commitments

At June 30, 2023, the School District had the following outstanding contractual commitments:

Project	Vendor	Contract Amount	Amount Paid	Amount Remaining
Architectural/Engineering Services	Garmann Miller	$ 97,500	$ 48,750	$ 48,750
Professional Development/Consulting Services	Public Consulting Group	31,000	23,750	7,250
Parking Lot Repairs	Ohio Asphalt Paving	11,080	-	11,080
Fiber Installtion	XTEK Partners	52,562	-	52,562
Total		$ 192,142	$ 72,500	$ 119,642

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments disclosed in this note.

NOTE 15 – COMPLIANCE

Ohio Administrative Code Section 117-2-03 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2023, the School District prepared it financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 16 - TAX ABATEMENTS

Other governments entered into property tax abatements with property owners under the Ohio Community Reinvestment Area (CRA) program with the taxing district of the School District. The CRA program is derivative incentive tax exemption program benefiting program owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the School District, Paulding County has entered into such agreements. Under these agreements, the School District's property taxes were reduced by $3,382 through Paulding County. The School District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

NOTE 17 – SUBSEQUENT EVENTS

On August 17, 2023, the School District accepted a bid from Rupp Rosebrock, Inc. for $1,480,000 for the construction of The Range Wellness and Recreation Center.

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

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

Antwerp Local School District
Paulding County
303 South Harrmann Road
Antwerp, Ohio 45813-9574

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 the 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 Antwerp Local School District, Paulding County, Ohio (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 7, 2024, wherein we noted the School 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 School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

School District's Response to Finding

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2024

SCHEDULE OF FINDINGS
JUNE 30, 2023

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

FINDING NUMBER 2023-001

Noncompliance

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.

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

The School 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 School 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 School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

ANTWERP LOCAL SCHOOL

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	This finding was first reported in 2006. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected and reissued as Finding 2023-001 in this report.	This finding reoccurred since management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

OHIO AUDITOR OF STATE
KEITH FABER

ANTWERP LOCAL SCHOOL DISTRICT

PAULDING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/21/2024

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