CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

SYLVANIA CITY SCHOOL DISTRICT
LUCAS COUNTY, OHIO

SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
Sylvania City School District
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We have reviewed the *Independent Auditors' Report* of the Sylvania City School District, Lucas County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 22, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Sylvania City School District:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Sylvania City School District (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 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 financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

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

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
December 20, 2023

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This discussion and analysis provides key information from management highlighting the overall financial performance of the Sylvania City School District ("School District") for the fiscal year ended June 30, 2023. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2023 are listed below:

- The liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at fiscal year-end by $39,323,673. This deficit net position was primarily due to the School District's required recognition of its proportionate share of the state-wide retirement systems' pension and other postemployment benefit liabilities.

- The School District's total net position increased during the fiscal year by $6,187,509.

- The School District's total expenses were $111,802,758, increased of $12,839,244, primarily due to an increase in pension expenses associated with the increase in net pension liabilities.

- Program revenues of $17,488,865 reduced the net cost of the School District's functions to be financed from general revenues to $94,313,893.

- The School District's General Fund an increase by $3,691,694 during the fiscal year. The School District's unassigned fund balance in the General Fund was $25,395,366 at the end of the fiscal year, or 27% of General Fund expenditures.

- The School District's outstanding long-term debt obligations of bonds, lease-purchase agreement and tax anticipation note at June 30, 2023 were $60,845,444, a decrease of $4,282,946.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The School District does not have any business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

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

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

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. However, the School District may also establish separate funds to show that it is meeting legal responsibilities for using certain grants or other money.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is similar to governmental activities.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget for the General Fund and required pension and OPEB information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2023 and 2022:

	Governmental Activities		
	FY23	FY22	*Increase/ (Decrease)*
Current and other assets	$ 131,553,489	$ 119,274,923	$ 12,278,566
Capital assets	86,786,563	90,252,653	(3,466,090)
Total assets	218,340,052	209,527,576	8,812,476
Deferred outflows of resources	31,331,826	31,491,208	(159,382)
Long-term liabilities:			
Net pension liability	98,836,793	58,847,270	39,989,523
Net OPEB liability	5,111,903	6,563,276	(1,451,373)
Other long-term amounts	75,132,796	78,883,628	(3,750,832)
Other liabilities	12,810,167	11,247,739	1,562,428
Total liabilities	191,891,659	155,541,913	36,349,746
Deferred inflows of resources	97,103,892	130,988,053	(33,884,161)
Net position:			
Net investment in capital assets	24,951,511	23,880,235	1,071,276
Restricted	8,824,882	6,352,975	2,471,907
Unrestricted (deficit)	(73,100,066)	(75,744,392)	2,644,326
Total net position	$ (39,323,673)	$ (45,511,182)	$ 6,187,509

The net pension liability is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27,* and the net OPEB asset/liability is reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior accounting for pensions (GASB Statement No. 27) and OPEB (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB asset/liability*. GASB Statement Nos. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

As required by GASB Statement Nos. 68 and 75, the required net pension liability and the net OPEB asset/liability equal the School District's proportionate share of each plan's collective:

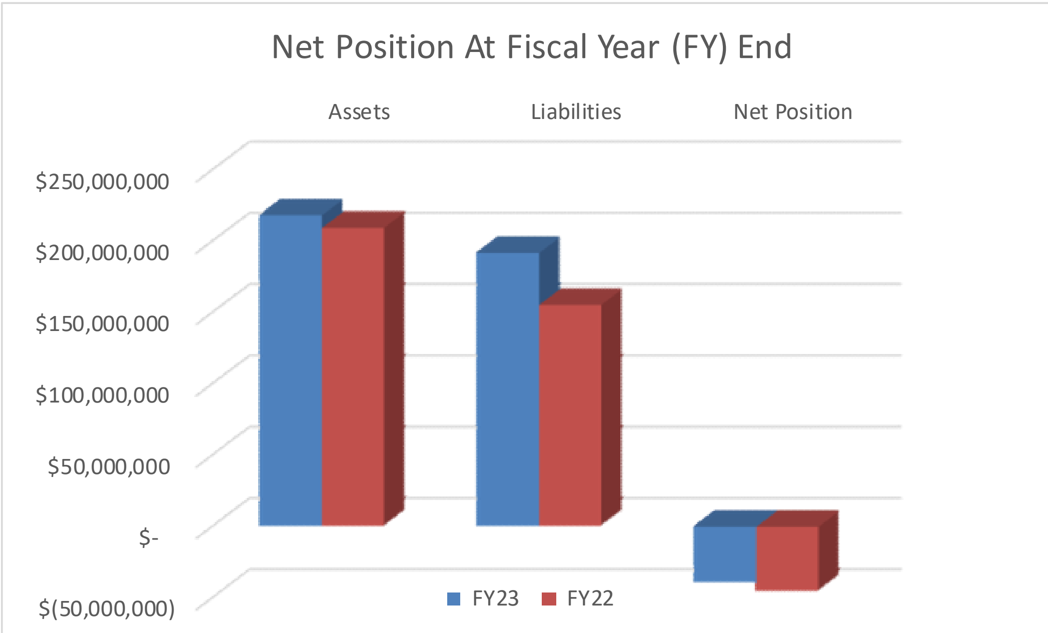
1. Present value of estimated future pension and OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement systems are responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e., sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension or net OPEB liabilities. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible part for the unfunded portion. Due to the unique nature of how the net pension and net OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement Nos. 68 and 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.



At year-end, investment in capital assets, net of accumulated depreciation and related debt used to acquire the assets was $24,951,511. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities. Additionally, $8,824,882 of the School District's net position represents resources that are subject to external restriction on how they may be spent. The external restriction will not affect the availability of fund resources for future use.

Due to the recognition of its proportionate share of the net pension and net OPEB asset/liabilities, the School District's unrestricted net position ended the fiscal year with a deficit balance of $73,100,066. However, if the components of recording the net pension liability and net OPEB asset/liability are removed, the School District's unrestricted net position would be a positive $17,805,994. We feel this is important to mention as the management of the School District has no control over the management of the state-wide retirement plans or the benefits offered; both of which control the net pension liability and net OPEB asset/liability that significantly impacts the School District's financial statements.

Total assets increased by 4.2%. The School District experienced growth in its cash and investment balances and taxes receivable, due to positive operating results and increases for new construction and delinquent collections. The increases were offset by decreases in capital assets, as depreciation expense exceeded asset additions.

Total liabilities increased by 23.4%. The significant increase in net pension liabilities is due primarily to a volatile investment market. The School Employees Retirement System (SERS) reported an annual money-weighted rate of return of -1.93% (compared to 28.18% in the prior year) and the State Teachers Retirement System (STRS) reported an annual money-weighted rate of return of -3.55% (compared to 29.24% in the prior year). The other noncurrent liabilities decreased as the School District continued to satisfy its annual debt service requirements on outstanding bonds, lease-purchase and tax anticipation notes.

B. Governmental Activities during fiscal year 2023

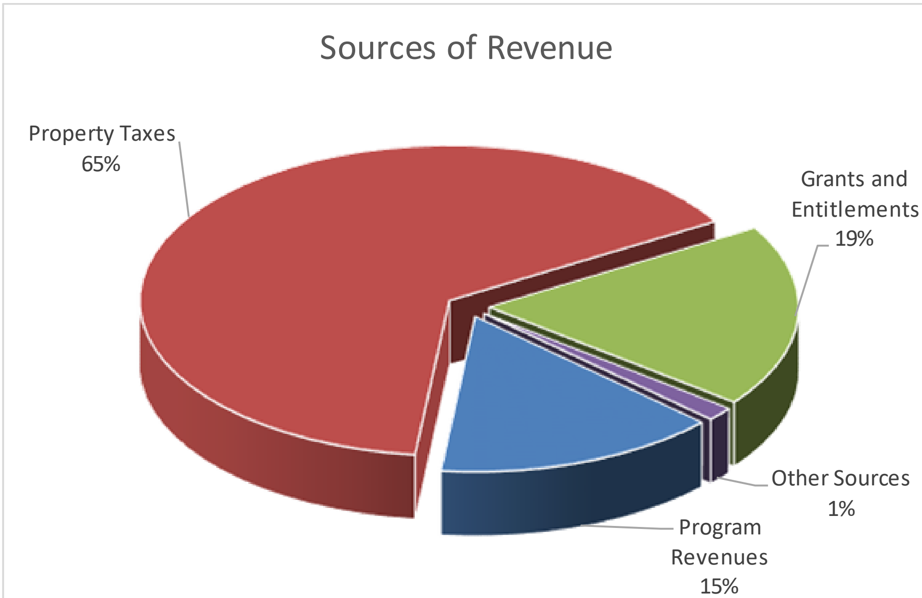
The following table presents a condensed summary of the School District's activities during fiscal years 2023 and 2022 and the resulting change in net position:

	Governmental Activities		
	FY23	FY22	Increase/ (Decrease)
Revenues:			
Program revenues:			
Charges for services and sales	$ 4,638,464	$ 3,010,849	$ 1,627,615
Operating grants and contributions	12,848,351	16,164,878	(3,316,527)
Capital grants and contributions	2,050	250,000	(247,950)
Total program revenues	17,488,865	19,425,727	(1,936,862)
General revenues:			
Property Taxes	76,326,266	74,979,758	1,346,508
Grants and entitlements	22,473,073	22,799,477	(326,404)
Investment earnings	1,228,300	(225,837)	1,454,137
Other	473,763	391,618	82,145
Total general revenues	100,501,402	97,945,016	2,556,386
Total revenues	117,990,267	117,370,743	619,524
Expenses:			
Instruction	63,826,270	54,545,693	9,280,577
Support services	37,542,135	34,803,444	2,738,691
Non-instructional services	4,509,756	4,143,687	366,069
Extracurricular activities	3,326,674	2,747,478	579,196
Interest on long-term debt	2,597,923	2,723,212	(125,289)
Total expenses	111,802,758	98,963,514	12,839,244
Change in net position	6,187,509	18,407,229	(12,219,720)
Net position beginning of year	(45,511,182)	(63,918,411)	18,407,229
Net position end of year	$ (39,323,673)	$ (45,511,182)	$ 6,187,509

Overall, total revenues of the School District increased by 0.5% from the previous fiscal year. Total expenses increased by 13.0% from the previous fiscal year. Significant items that contributed to these changes include the following:

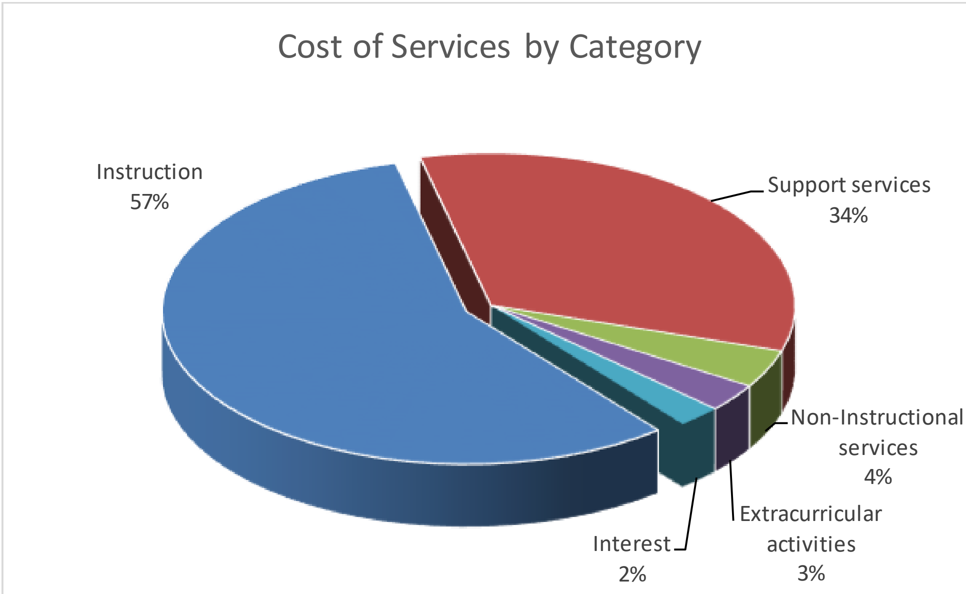
- The School District experienced a decrease in operating grants and contributions due to utilizing ARPA funding in prior years.
- The School District received a boost in tax revenue during the fiscal year due new construction and increase in delinquent collections.
- Approximately $10.8 million of the total increase in expenses is due to increased pension expenses related to the increase in the net pension liability.
- After factoring out the effects of pension and OPEB expenses, several functions experienced increases due to normal increases in salary and benefits, increased staffing and related accommodations for students with disabilities, and increased staffing and related costs due to increased participation in extracurricular activities.

Of the total governmental activities revenues of $117,990,267, $17,488,865 (14.8%) is from program revenue. This means that the School District relies on general revenues to fund the majority of the cost of services provided to its students. The School District's operations are reliant upon its property tax levy and the State's foundation program with 64.7% ($76,326,266) of total revenue coming from property taxes and 19.0% ($22,473,073) of total revenue coming from State funding.



The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 16% of the cost of the general government programs was recouped in program revenues. Instruction costs were $63,826,270, but program revenue contributed to fund 15% of those costs. Thus, general revenues of $54,551,735 were used to support the remainder of the instruction costs.

Expenses	Total Cost of Services	Program Revenue	Revenue as a % of Total Costs	Net Cost of Services
Instruction	$ 63,826,270	$ 9,274,535	15%	$ 54,551,735
Support services	37,542,135	2,366,701	6%	35,175,434
Non-Instructional services	4,509,756	4,938,266	110%	(428,510)
Extracurricular activities	3,326,674	909,363	27%	2,417,311
Interest	2,597,923	-	0%	2,597,923
Total	$ 111,802,758	$ 17,488,865	16%	$ 94,313,893



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has one major governmental fund – the General Fund. The assets of this fund were $106,846,485, or 87%, of total governmental funds assets.

General Fund. Fund balance at June 30, 2023 was $27,587,540, including $25,395,366 of unassigned fund balance, which represents 27% of expenditures for fiscal year 2023. The General Fund experienced an increase in fund balance of $3,691,694 for the fiscal year, benefitting from increased investment earnings, from better investment rates and more resources available to invest, and a decreased need to subsidize other funds with transfers.

GENERAL FUND BUDGETARY HIGHLIGHTS

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. The schedule comparing the School District's original and final budgets and actual results are included in the required supplementary information after the Notes to the Basic Financial Statements.

For the 2023 fiscal year, actual revenues came within less than 2% of budget. The final expenditure budget was the same as the original expenditure budget, with adjustments in some functions to account for the impact of higher than initially expected inflation. With careful monitoring of expenditures and conservative budgeting, actual expenditures for the fiscal year were 3% less than budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. At June 30, 2023, the School District had $86,786,563 invested in a broad range of capital assets, including land, buildings, equipment, vehicles, and construction in progress. The decrease in capital assets of $3,466,090 is attributable to depreciation expense exceeding capital asset additions. See Note 7 for additional information.

Capital Assets at Year-End
(Net of Depreciation)

	FY23	FY22
Land	$ 2,841,933	$ 2,841,933
Construction in progress	-	316,479
Land improvements	4,042,256	4,643,595
Buildings and improvements	75,137,852	77,630,412
Furniture, fixtures and equipment	2,469,231	3,000,202
Vehicles	2,295,291	1,820,032
Total	$ 86,786,563	$ 90,252,653

Debt Administration. At June 30, 2023, the School District had $60,845,444 in general obligation bonds, energy conservation bonds, tax anticipation notes and lease-purchase obligations outstanding.

	FY23	FY22
General obligation bonds	$ 57,900,000	$ 61,490,000
Lease-purchase agreement	1,230,444	1,518,390
Tax anticipation note	1,715,000	2,120,000
Total	$ 60,845,444	$ 65,128,390

The debt activity during fiscal year 2023 was limited to satisfying annual debt service requirements. See Note 8 to the financial statements for additional information.

Current Financial Related Activities

The School District expected to maintain a balanced budget and sufficient cash reserves in fiscal year 2024. Both are essential components to long-term fiscal health. Operating within a carefully developed fiscal spending plan is a districtwide commitment. Based on current projections, expenditures begin to outpace revenues in fiscal year 2025. With this in mind, it is necessary to continue proactively identifying ways to lower costs while maintaining valuable educational experiences for students. Postponing deficit spending will ultimately prolong the need to return to voters to approve a new levy.

We will continue to be good stewards of our residents' tax dollars by operating a strategically aligned and efficient budget. Fiscal responsibility is a top priority for the School District. As educational leaders, we are committed to investing district resources in effective and innovative teaching and learning opportunities. We continue to have a low cost per pupil compared to our peers and the vast majority of our resources are put towards instruction, pupil support and instructional support to enhance student learning.

We would like to express our heartfelt gratitude to the Sylvania Community for their invaluable financial support. Your contributions play a vital role in helping us provide a high-quality educational experience to our students. With your generous assistance, we are able to offer a diverse range of enriching programs, dedicated faculty, and state-of-the-art resources that enhance learning outcomes.

We are committed to ensuring cost effectiveness in our operations, optimizing every dollar to maximize the benefits for our students and the community as a whole. Your unwavering support enables us to continue delivering an exceptional education while being responsible stewards of taxpayer funds. Together, we are shaping a bright future for our students, and we are truly grateful for your ongoing commitment to their success.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. Anyone having questions about this report or need additional financial information may contact Adam Koch, Treasurer/Chief Financial Officer for the Sylvania City School District at 4747 N. Holland Sylvania Road, Sylvania, OH 43560 or by phone at 419.824.8500.

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SYLVANIA CITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 43,196,708
Receivables:	
Property taxes	77,216,837
Accounts	103,395
Accrued interest	101,576
Intergovernmental	1,520,436
Prepaid items	120,634
Inventory held for resale	20,844
Materials and supplies inventory	9,000
Net OPEB asset	9,264,059
Nondepreciable capital assets	2,841,933
Depreciable capital assets, net	83,944,630
Total assets	218,340,052
Deferred Outflows of Resources:	
Deferred loss on bond refunding	4,204,590
Pension	24,756,342
OPEB	2,370,894
Total deferred outflows of resources	31,331,826
Liabilities:	
Accounts payable	343,376
Accrued wages and benefits payable	9,496,414
Intergovernmental payable	1,474,016
Unearned revenue	1,200,000
Accrued interest payable	296,361
Noncurrent liabilities:	
Due within one year	4,789,994
Due more than one year:	
Net pension liability	98,836,793
Net OPEB liability	5,111,903
Other amounts due more than one year	70,342,802
Total liabilities	191,891,659
Deferred Inflows of Resources:	
Taxes levied for next fiscal year	73,755,233
Pension	9,351,554
OPEB	13,997,105
Total deferred inflows of resources	97,103,892
Net Position:	
Net investment in capital assets	24,951,511
Restricted for:	
Debt service	2,108,276
Capital improvements	1,234,774
Food service operations	2,383,328
State grant programs	57,406
Federal grant programs	525,726
Student activities	546,128
Other purposes	1,969,244
Unrestricted (deficit)	(73,100,066)
Total net position	$ (39,323,673)

See accompanying notes to the basic financial statements.

SYLVANIA CITY SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	$ 44,599,726	$ 1,688,947	$ 1,479,790	$ -	$ (41,430,989)
Special	16,551,461	26,309	5,458,402	-	(11,066,750)
Vocational	2,291,094	-	508,880	-	(1,782,214)
Other	383,989	91,108	21,099	-	(271,782)
Support services:					
Pupil	7,988,361	-	651,698	-	(7,336,663)
Instructional staff	2,019,902	-	112,626	-	(1,907,276)
Board of Education	45,917	-	-	-	(45,917)
Administration	8,203,266	-	656,834	-	(7,546,432)
Fiscal	2,041,082	-	-	-	(2,041,082)
Business	98,384	-	-	-	(98,384)
Operation and maintenance of plant	9,922,247	-	81,659	-	(9,840,588)
Pupil transportation	5,428,185	39,450	541,468	-	(4,847,267)
Central	1,794,791	-	282,966	-	(1,511,825)
Operation of non-instructional services:					
Community services	1,624,225	149,414	1,348,593	-	(126,218)
Food service operations	2,885,531	1,735,923	1,704,336	-	554,728
Extracurricular activities	3,326,674	907,313	-	2,050	(2,417,311)
Interest on long-term debt	2,597,923	-	-	-	(2,597,923)
Total Governmental Activities	$ 111,802,758	$ 4,638,464	$ 12,848,351	$ 2,050	(94,313,893)

General Revenues:	
Property taxes levied for:	
General purposes	69,225,283
Debt service	5,262,415
Capital outlay	1,838,568
Unrestricted grants and entitlements	22,473,073
Investment earnings	1,228,300
Miscellaneous	473,763
Total general revenues	100,501,402
Change in net position	6,187,509
Net position beginning of year	(45,511,182)
Net position end of year	$ (39,323,673)

See accompanying notes to the basic financial statements.

SYLVANIA CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and investments	$ 35,655,737	$ 7,540,971	$ 43,196,708
Receivables:			
Property taxes	70,016,923	7,199,914	77,216,837
Accounts	91,648	11,747	103,395
Accrued interest	101,576	-	101,576
Intergovernmental	-	1,520,436	1,520,436
Interfund loans	859,967	-	859,967
Prepaid items	120,634	-	120,634
Inventory held for resale	-	20,844	20,844
Materials and supplies inventory	-	9,000	9,000
Total assets	$ 106,846,485	$ 16,302,912	$ 123,149,397
Liabilities:			
Accounts payable	$ 216,872	$ 126,504	$ 343,376
Accrued wages and benefits payable	8,952,781	543,633	9,496,414
Intergovernmental payable	1,404,625	69,391	1,474,016
Compensated absences payable	750,294	-	750,294
Interfund loans payable	-	859,967	859,967
Unearned Revenue	-	1,200,000	1,200,000
Total liabilities	11,324,572	2,799,495	14,124,067
Deferred Inflows of Resources:			
Taxes levied for next year	66,878,629	6,876,604	73,755,233
Unavailable revenue	1,055,744	627,640	1,683,384
Total deferred inflows of resources	67,934,373	7,504,244	75,438,617
Fund Balances:			
Nonspendable:			
Prepaid items	120,634	-	120,634
Inventory	-	9,000	9,000
Restricted:			
Debt service	-	2,328,408	2,328,408
Capital improvements	-	1,209,089	1,209,089
Food service operations	-	2,374,328	2,374,328
Nonpublic schools	-	24,202	24,202
State grants programs	-	57,406	57,406
Extracurricular activities	-	521,926	521,926
Other purposes	-	1,254	1,254
Assigned:			
Student and staff support	1,007,324	-	1,007,324
Budget resource	901,731	-	901,731
Other	162,485	-	162,485
Unassigned	25,395,366	(526,440)	24,868,926
Total fund balances	27,587,540	5,999,173	33,586,713
Total liabilities, deferred inflows of resources and fund balances	$ 106,846,485	$ 16,302,912	$ 123,149,397

See accompanying notes to the basic financial statements.

SYLVANIA CITY SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$ 33,586,713
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		86,786,563
Other long-term assets are not available to pay for current-period expenditures and therefore are not reported in the funds.		1,683,384
Deferred outflows of resources from losses on refunding are amortized over the the life of the bonds and are not reported in the funds.		4,204,590
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	(57,900,000)	
Premiums	(5,194,198)	
Lease-purchase agreement	(1,230,444)	
Tax anticipation note	(1,715,000)	
Compensated absences	(8,342,860)	
Accrued interest payable	(296,361)	(74,678,863)
The net pension and OPEB liabilities are not due and payable in the current period. The net OPEB asset is not available to pay for current expenditures. Therefore, the assets, liabilities and related deferred outflows/inflows are not reported in the governmental funds:		
Deferred outflows - pensions	24,756,342	
Deferred inflows - pensions	(9,351,554)	
Net pension liability	(98,836,793)	
Deferred outflows - OPEB	2,370,894	
Deferred inflows - OPEB	(13,997,105)	
Net OPEB asset	9,264,059	
Net OPEB liability	(5,111,903)	(90,906,060)
Net Position of Governmental Activities		$ (39,323,673)

See accompanying notes to the basic financial statements.

SYLVANIA CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	$ 68,986,207	$ 7,081,464	$ 76,067,671
Intergovernmental	25,009,763	9,685,369	34,695,132
Investment earnings	1,214,375	97,482	1,311,857
Tuition and fees	1,047,480	-	1,047,480
Extracurricular activities	146,623	760,690	907,313
Rental income	40,525	-	40,525
Charges for services	789,806	1,653,904	2,443,710
Contributions and donations	240,803	1,295	242,098
Miscellaneous	518,576	118,828	637,404
Total revenues	97,994,158	19,399,032	117,393,190
Expenditures:			
Current:			
Instruction:			
Regular	40,651,149	1,208,409	41,859,558
Special	13,855,057	2,611,607	16,466,664
Vocational	2,017,417	87,337	2,104,754
Other	232,530	117,919	350,449
Support services:			
Pupil	7,176,969	643,751	7,820,720
Instructional staff	1,739,672	109,308	1,848,980
Board of Education	46,965	-	46,965
Administration	7,494,447	632,940	8,127,387
Fiscal	1,976,342	105,149	2,081,491
Business	48,262	206,419	254,681
Operation and maintenance of plant	9,354,950	581,964	9,936,914
Pupil transportation	5,474,006	687,141	6,161,147
Central	1,539,392	273,335	1,812,727
Operation of non-instructional services:			
Food service operations	-	2,831,215	2,831,215
Community services	141,459	1,442,770	1,584,229
Extracurricular activities	2,099,432	735,512	2,834,944
Capital outlay	12,610	-	12,610
Debt Service:			
Principal retirement	355,000	3,927,946	4,282,946
Interest and fiscal charges	103,325	2,581,596	2,684,921
Total expenditures	94,318,984	18,784,318	113,103,302
Excess of revenues over expenditures	3,675,174	614,714	4,289,888
Other financing sources (uses):			
Transfers in	16,631	111	16,742
Transfers out	(111)	(16,631)	(16,742)
Total other financing sources (uses)	16,520	(16,520)	-
Net change in fund balance	3,691,694	598,194	4,289,888
Fund balance, beginning of year	23,895,846	5,400,979	29,296,825
Fund balance, end of year	$ 27,587,540	$ 5,999,173	$ 33,586,713

See accompanying notes to the basic financial statements.

SYLVANIA CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$ 4,289,888
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:	
Capital asset additions	1,776,790
Depreciation expense	(5,196,067)
In the statement of activities, only the gain or loss on the sale of capital assets is reported, while only proceeds from the sale of assets are reported in the funds.	(46,813)
Principal paid on bonds, leases and notes are recorded as an expenditure in the governmental funds, but is recorded as a reduction of the long-term liability on the statement of net position.	4,282,946
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	643,890
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is reported when due.	(26,443)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Compensated absences	(1,030,979)
Amortization of premiums	438,417
Amortization of deferred losses on refunding	(324,976)
Contractually required pension and OPEB contributions are reported as expenditures in the governmental funds; however, the statement of activities report these amounts as deferred outflows:	
Pension	8,709,849
OPEB	255,012
Except for amounts reported as deferred outflows or inflows of resources, changes in the net pension and OPEB asset and liabilities are reported as pension and negative OPEB expenses in the statement of activities:	
Pension	(9,653,492)
OPEB	2,069,487
Change in Net Position of Governmental Activities	$ 6,187,509

See accompanying notes to the basic financial statements.

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SYLVANIA CITY SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	Private-Purpose Trusts
Assets:	
Equity in pooled cash and investments	$ 19,908
Liabilities:	
Accounts payable	2,000
Net Position:	
Restricted for individuals	$ 17,908

See accompanying notes to the basic financial statements.

SYLVANIA CITY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Private-Purpose Trusts
Additions:	
Contributions and donations	$ 6,450
Investment earnings	834
Extracurriculars	16,000
Total additions	23,284
Deductions:	
Payments to scholarship recipients	24,250
Change in net position	(966)
Net position, beginning of year	18,874
Net position, end of year	$ 17,908

See accompanying notes to the basic financial statements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the School District and Reporting Entity

Description of the School District

Sylvania City School District (the "School District") is located in the greater metropolitan Toledo area of Lucas County in northwestern Ohio. The School District encompasses all of the City of Sylvania, and portions of Sylvania Township.

The School District is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The School District currently operates 7 elementary schools, 3 middle schools, and 2 comprehensive high schools. The School District employs 362 non-certified, 41 administrative, and 563 certified employees (full time equivalents) to provide services to 7,536 students in grades Kindergarten through 12 and various community groups.

Reporting Entity

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

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

The School District participates in two jointly governed organizations. These organizations are presented in Note 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
- Northwest Ohio Computer Association
- Sylvania Area Joint Recreation District

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

Basis of Presentation

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements ordinarily distinguish between those activities of the School District that are governmental and those that are considered business-type. However, the School District has no activities that are classified as business-type.

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

Fund Financial Statements

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District fall within two categories: governmental and fiduciary.

Governmental Funds

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

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

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to account for funds for which the School District has custody of, but which are being held for the benefit of others. The School District has one fiduciary fund: a private purpose trust fund for scholarship programs for students.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus.

Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, revenue in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 9 and 10).

Expenses/Expenditures

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities to the extent that payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Pensions/Other Postemployment Benefits (OPEB)

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

Cash and Investments

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

During fiscal year 2023, the School District's investments included State Treasury Asset Reserve of Ohio (STAR Ohio), U.S. Treasuries, municipal bonds, brokered certificates of deposit, U.S. agency securities and U.S. money markets. Investments are reported at fair value, except for STAR Ohio and U.S. money markets, that are reported at amortized cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at STAR Ohio's net asset value per share which is the price the investment could be sold for on June 30, 2023. The net asset value per share is calculated on an amortized cost basis that provides a net asset value per share that approximates fair value.

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

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 presented on the financial statements as cash equivalents.

Prepaid Items

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventory

On government-wide and fund financial statements, inventories of supplies are reported at cost, inventories held for resale are reported at the lower of cost or market, and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when received. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the fiscal year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental Activities Estimated Lives
Land improvements	5 – 50 years
Buildings and improvements	7 – 45 years
Furniture, fixtures and equipment	5 – 20 years
Vehicles	5 – 15 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund loans receivable" and "Interfund loans payable". These amounts are eliminated in the governmental activities column of the statement of net position. Interfund transfers are reported as other financing sources or uses in the governmental funds. Interfund transfers within governmental activities are eliminated in the statement of activities.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Compensated Absences

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

Fund Balance

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

> *Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
>
> *Restricted* – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for music and athletic programs, and federal and State grants restricted to expenditures for specified purposes.

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

Nonpublic Schools

Within the School District boundaries, St. Joseph school is operated through the Toledo Catholic Diocese; and Toledo Junior, Emmanual Baptist, and Toledo Islamic are operated as private schools. All of these schools provide instruction for grades K-8. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial school. The receipt and expenditure of these state monies by the School District are reflected in a nonmajor governmental fund for financial reporting purposes.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level for all budgeted funds.

Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for rate determination.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts from the certificate of estimated resources that was in effect at the time the original permanent appropriations covering the entire fiscal year were passed by the Board of Education. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the final appropriations were passed by the Board of Education.

Appropriations:

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

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

NOTE 2—ACCOUNTABILITY

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

Vocational Educational Enhancements Fund	$	63
Adult Basic Education Fund		659
Elementary and Secondary School Emergency Relief Fund		189,414
IDEA Part B Grant Fund		183,310
Title III Grant Fund		7,733
Title I Grant Fund		124,289
Title IV Grant Fund		136
Supporting Effective Instruction Grant Fund		20,836

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 3—DEPOSITS AND INVESTMENTS

The School District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "equity in pooled cash and investments". State statutes require the classification of monies held by the School District into three categories.

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

Inactive deposits are public deposits 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 accounts, including passbook accounts.

NOTE 3—DEPOSITS AND INVESTMENTS *(continued)*

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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.

NOTE 3—DEPOSITS AND INVESTMENTS *(continued)*

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all School District deposits was $426,766 and the bank balance of all School District deposits was $781,880. Of the bank balance, $490,938 was covered by the FDIC and $290,942 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105% of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State. For 2023, the School District's financial institutions were approved for a reduced collateral rate of 50% through the 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.

B. Investments

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

	Balance at 6/30/23	Average Weighted Maturity (Yrs.)	Concentration	S&P / Moody's Ratings
Fair Value				
Level 1				
U.S. Treasuries	$ 8,842,824	1.18	20.7%	Aaa
Level 2				
Municipal Bonds	949,395	0.47	2.2%	AA - SP-1
Brokered CD's	4,278,844	1.01	10.0%	not rated
U.S. Agency Securities	7,685,605	1.48	18.0%	Aaa
Amortized Cost				
U.S. Money Market	2,361,369	0.07	5.5%	AAAm
STAR Ohio	18,671,813	0.11	43.6%	AAAm
	$ 42,789,850		100.0%	

The School District's investments in U.S. Treasuries are valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in municipal bonds, brokered CD's and U.S. agency securities are valued based on price data obtained from observed transactions and market price quotations from broker dealers and/or pricing vendors (Level 2 inputs).

NOTE 3—DEPOSITS AND INVESTMENTS *(continued)*

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less. State law and the School District policy requires that repurchase agreements cannot exceed thirty (30) days. In addition, securities subject to repurchase agreements must exceed the principal value by greater or equal to two (2) percent.

Credit Risk: The School District's investment policy does not specifically address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code, of which all relevant provisions are described previously in this note disclosure.

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 U.S. Agency securities, and municipal securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The School District's investment policy places no limit on the amount that may be invested in any one issuer.

NOTE 4—INTERFUND TRANSACTIONS

Interfund transactions for the fiscal year ended June 30, 2023, consisted of the following:

	Interfund Loans		Transfers	
	Receivable	Payable	In	Out
General Fund	$ 859,967	$ -	$ 16,631	$ 111
Other Governmental Funds	-	859,967	111	16,631
	$ 859,967	$ 859,967	$ 16,742	$ 16,742

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

Interfund transfers represent the use of unrestricted revenues collected in the general fund that are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer above was made from the general fund to support grant programs. Transfers into the general fund were made to close out old programs in accordance with Ohio Revised Code Section 5705.14(D). Interfund transfers between governmental funds are eliminated for reporting on the statement of activities.

NOTE 5—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 property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Lucas 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 as an advance at June 30, 2023 was $2,121,371 in the general fund, $162,429 in the debt service fund (a nonmajor governmental fund) and $58,967 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022 was $1,999,595 in the general fund, $158,498 in the debt service fund (a nonmajor governmental fund) and $54,833 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 1,733,243,820	97.39%	$ 1,761,178,160	97.28%
Public Utility Property	46,527,490	2.61%	49,173,220	2.72%
Total Assessed Value	$ 1,779,771,310	100.00%	$ 1,810,351,380	100.00%
Tax rate per $1,000 of assessed valuation	$86.50		$86.30	

NOTE 6—RECEIVABLES

Receivables at June 30, 2023, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 7—CAPITAL ASSETS

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

	Balance 7/1/22	Additions	Disposals	Balance 6/30/23
Governmental Activities				
Nondepreciable:				
Land	$ 2,841,933	$ -	$ -	$ 2,841,933
Construction in progress	316,479	483,070	(799,549)	-
Total nondepreciable	3,158,412	483,070	(799,549)	2,841,933
Depreciable:				
Land improvements	12,209,117	-	-	12,209,117
Buildings and improvements	136,597,268	913,183	-	137,510,451
Furniture, fixtures and equipment	12,707,160	316,352	(808,706)	12,214,806
Vehicles	7,743,607	863,734	(341,983)	8,265,358
Total depreciable	169,257,152	2,093,269	(1,150,689)	170,199,732
Less accumulated depreciation:				
Land improvements	(7,565,522)	(601,339)	-	(8,166,861)
Buildings and improvements	(58,966,856)	(3,405,743)	-	(62,372,599)
Furniture, fixtures and equipment	(9,706,958)	(800,510)	761,893	(9,745,575)
Vehicles	(5,923,575)	(388,475)	341,983	(5,970,067)
Total accumulated depreciation	(82,162,911)	(5,196,067)	1,103,876	(86,255,102)
Net depreciable	87,094,241	(3,102,798)	(46,813)	83,944,630
Capital assets, net	$ 90,252,653	$ (2,619,728)	$ (846,362)	$ 86,786,563

NOTE 7—CAPITAL ASSETS *(continued)*

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 2,444,471
Special	172,381
Vocational	261,480
Support services:	
Pupil	12,912
Instructional staff	146,915
Administration	139,238
Fiscal	11,865
Business	35,781
Operation and maintenance of plant	766,064
Pupil transportation	364,748
Food service operations	272,029
Community services	6,055
Extracurricular activities	562,128
Total depreciation expense	$ 5,196,067

NOTE 8—LONG-TERM OBLIGATIONS

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

	Interest Rate	Maturity	Principal Outstanding 7/1/22	Additions	Reductions	Principal Outstanding 6/30/23	Amounts Due in One Year
Governmental Activities							
General obligation bonds:							
Series 2011 Refunding	2.90%	12/1/22	$ 340,000	$ -	$ (340,000)	$ -	$ -
Unamortized premiums			34,637	-	(34,637)	-	-
Series 2014 Energy	3% - 4%	12/1/28	2,805,000	-	(355,000)	2,450,000	370,000
Unamortized premiums			134,325	-	(24,799)	109,526	-
Series 2015 Refunding	2.25% - 5%	12/1/36	58,345,000	-	(2,895,000)	55,450,000	2,965,000
Unamortized premiums			5,463,653	-	(378,981)	5,084,672	-
Direct borrowing:							
Lease-purchase agreement	2.66%	3/31/27	1,518,390	-	(287,946)	1,230,444	295,606
Tax anticipation note	2.38%	12/1/29	2,120,000	-	(405,000)	1,715,000	-
Compensated absences			8,122,623	1,993,691	(1,023,160)	9,093,154	1,159,388
Total			$ 78,883,628	$ 1,993,691	$ (5,744,523)	$ 75,132,796	$ 4,789,994

General Obligation Bonds

On September 7, 2011, the School District issued general obligation bonds (Series 2011 Refunding Bonds) to advance refund the callable of the Series 1998 refunding current interest bonds, the Series 2001 refunding current interest bonds and the Series 2002 school improvement current interest bonds. These bonds matured during the fiscal year.

NOTE 8—LONG-TERM OBLIGATIONS *(continued)*

On July 29, 2014, the School District issued $5,255,000 of House Bill 264 (H.B. 264) energy conservation bonds to retire energy conservation notes previously issued on January 17, 2014. Proceeds of the issuances are to provide financing to perform various energy improvement capital projects at the School District. HVAC, electrical, and plumbing systems are being updated further to create energy savings by reducing energy consumption. The project will be funded from the savings created from reduced energy consumption. These bonds are being retired from the general fund.

On April 9, 2015, the School District issued general obligation bonds (Series 2015 Refunding Bonds) to advance refund the callable of the Series 2009 refunding current interest bonds. These bonds are being retired from the nonmajor debt service fund.

Lease-Purchase Agreement

On March 31, 2017, the School District entered into a $2,850,000 lease-purchase agreement with U.S. Bancorp Government Leasing and Finance, Inc. to finance the acquisition of boilers, chillers, and an HVAC unit. The source of revenue to fund the principal and interest payments will be derived from general operating revenues of the School District. This agreement is being retired from the nonmajor permanent improvement fund.

Tax Anticipation Notes

On July 18, 2019, the School District issued $4,000,000 in general obligation tax anticipation notes to provide for permanent improvements. The tax anticipation notes are capital related and long-term in nature and therefore are reported as a long-term obligation of the governmental activities This agreement is being retired from the nonmajor permanent improvement fund. The School District has elected to make debt service payments ahead of schedule.

The tax anticipation note is considered a direct borrowing. Direct borrowings have terms negotiated directly between the School District and the lender (Signature Bank, N.A.) and are not offered for public sale. The note is collateralized by future tax collections.

Compensated absences are generally liquidated from which the employees' salaries are paid from.

The debt service requirements for the School District's long-term obligations are as follows:

Fiscal Year			Direct Borrowing			
Ending	General Obligation Bonds		Lease-Purchase Agreement		Tax Anticipation Notes	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 3,335,000	$ 2,472,675	$ 295,606	$ 32,730	$ -	$ -
2025	3,500,000	2,305,575	303,469	24,867	-	-
2026	3,670,000	2,130,250	311,541	16,794	-	-
2027	3,840,000	1,963,700	319,828	8,507	415,000	35,879
2028	4,000,000	1,806,900	-	-	420,000	25,942
2029-2033	20,550,000	6,606,500	-	-	880,000	21,064
2034-2037	19,005,000	1,903,200	-	-	-	-
Total	$ 57,900,000	$ 19,188,800	$ 1,230,444	$ 82,898	$ 1,715,000	$ 82,885

NOTE 8—LONG-TERM OBLIGATIONS *(continued)*

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation use in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of $105,153,216, an unvoted debt margin of $1,810,351, and an energy conservation debt margin of $13,843,162.

NOTE 9—DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the School District's proportionate share of each pension 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 liability 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 way pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 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). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

Plan Description - School Employees Retirement System (SERS)

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

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required contribution to SERS was $1,897,040 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 (888) 227-7877, 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. Effective July 1, 2022, 2.91% of salaries are used to pay for unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 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 CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 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. For the fiscal year ended June 30, 2023, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately $6,812,809 for fiscal year 2023. Of this amount, $1,219,004 is reported as an intergovernmental payable.

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 19,302,343	$ 79,534,450	$ 98,836,793
Proportion of the Net Pension Liability	0.3569%	0.3578%	
Change in Proportion	0.0150%	-0.0038%	
Pension Expense	$ 750,095	$ 8,903,396	$ 9,653,491

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 781,761	$ 1,018,144	$ 1,799,905
Net difference between projected and actual earnings on pension plan investments	-	2,767,624	2,767,624
Change in assumptions	190,459	9,517,884	9,708,343
Change in School District's proportionate share and difference in employer contributions	583,288	1,187,333	1,770,621
School District's contributions subsequent to the measurement date	1,897,040	6,812,809	8,709,849
Total Deferred Outflows of Resources	$ 3,452,548	$ 21,303,794	$ 24,756,342
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 126,715	$ 304,245	$ 430,960
Net difference between projected and actual earnings on pension plan investments	673,564	-	673,564
Change in assumptions	-	7,164,231	7,164,231
Change in School District's proportionate share and difference in employer contributions	211,489	871,310	1,082,799
Total Deferred Inflows of Resources	$ 1,011,768	$ 8,339,786	$ 9,351,554

$8,709,849 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2024.

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	$ 164,414	$ 329,376	$ 493,790
2025	222,173	94,804	316,977
2026	(962,200)	(2,339,066)	(3,301,266)
2027	1,119,353	8,066,085	9,185,438
	$ 543,740	$ 6,151,199	$ 6,694,939

Actuarial Assumptions – SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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:

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

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged 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 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%)
U.S. Equity	24.75%	5.37%
Non-U.S. Equity Developed	13.50%	6.22%
Non-U.S. Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
	100.00%	

Discount Rate – Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). 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 7.0%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%), or one percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	$28,412,127	$19,302,343	$11,627,473

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0%

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

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

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
	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%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

NOTE 9—DEFINED BENEFIT PENSION PLANS *(continued)*

Discount Rate – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment 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 presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, 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 (6.0%) or one-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	$120,147,600	$79,534,450	$45,188,299

Social Security System

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2023, one of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability (asset) represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments, health care cost trend rates and others. While these estimates use the best information available, unknowable future events require adjusting these estimates 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 OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* or fully-funded benefits as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—SERS' Health Care program provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986 need 10 years of service credit, exclusive of mot types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated 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, the minimum compensation amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $255,012.

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 Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

Funding Policy—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 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 and negative OPEB expense:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset)	$ 5,111,903	$ (9,264,059)	$ (4,152,156)
Proportion of the Net OPEB Liability (Asset)	0.3641%	0.3578%	
Change in Proportion	0.0173%	-0.0038%	
(Negative) OPEB Expense	$ (378,935)	$ (1,690,552)	$ (2,069,487)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 42,973	$ 134,295	$ 177,268
Net difference between projected and actual earnings on OPEB plan investments	26,568	161,265	187,833
Change in assumptions	813,114	394,617	1,207,731
Change in School District's proportionate share and difference in employer contributions	527,614	15,436	543,050
School District's contributions subsequent to the measurement date	255,012	-	255,012
Total Deferred Outflows of Resources	$ 1,665,281	$ 705,613	$ 2,370,894
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 3,269,947	$ 1,391,284	$ 4,661,231
Change in assumptions	2,098,472	6,569,107	8,667,579
Change in School District's proportionate share and difference in employer contributions	627,004	41,291	668,295
Total Deferred Inflows of Resources	$ 5,995,423	$ 8,001,682	$ 13,997,105

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

$255,012 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	$ (1,057,851)	$ (2,145,898)	$ (3,203,749)
2025	(1,039,801)	(2,108,631)	(3,148,432)
2026	(948,902)	(994,768)	(1,943,670)
2027	(649,605)	(410,149)	(1,059,754)
2028	(392,880)	(540,935)	(933,815)
2029-2031	(496,115)	(1,095,688)	(1,591,803)
	$ (4,585,154)	$ (7,296,069)	$ (11,881,223)

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 consider the employee's entire career with the employer and 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, prepared as of June 30, 2022, are presented below:

Investment Rate of Return	7.00% net of investment expense, including inflation
Wage Inflation	2.40%
Future Salary Increases, including Inflation	3.25% to 13.58%
Municipal Bond Index Rate:	
Current measurement period	3.69%
Prior measurement period	1.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Current measurement period	4.08%
Prior measurement period	2.27%
Medical Trend Assumption	7.00% - 4.40%

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged 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 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%)
U.S. Equity	24.75%	5.37%
Non-U.S. Equity Developed	13.50%	6.22%
Non-U.S. Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2044. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2043 and the Municipal Bond Index rate of 3.69% as of June 30, 2022 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 4.08%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and one percentage point higher (5.08%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$6,349,059	$5,111,903	$4,113,180

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates.

	1% Decrease (6.00% decreasing to 3.40%)	Current Cost Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$3,942,194	$5,111,903	$6,639,730

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.0%	
Investment rate of return	7.0%, net of investment expenses, including inflation	
Discount rate of return	7.0%	
Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	-68.78%	3.94%
Prescription Drug		
Pre-Medicare	9.00%	3.94%
Medicare	-5.47%	3.94%

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

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

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

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

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return*
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
	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%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

NOTE 10—POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) *(continued)*

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net OPEB (asset)	($8,564,377)	($9,264,059)	($9,863,393)

	1% Decrease	Current Cost Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($9,609,081)	($9,264,059)	($8,828,549)

NOTE 11—RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District purchased commercial coverage through the Ohio School Plan for property and contents, general liability and vehicles. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There was no significant reduction in coverage from the prior year.

The School District is fully insured through commercial carriers for group health and dental benefits. Employee health benefits are provided through a Paramount health insurance program. This plan provides employees with a choice of four levels of HMO coverage. Paramount administers the health insurance program. The School District pays for a portion of the premium depending on the plan type selected. The premiums are paid by the fund that pays the salary for the employee.

The dental benefits are provided through a managed-care dental program. Delta Dental administers the dental program. The School District pays 100% of the premiums and are paid from the fund that pays the salary for the employee.

For fiscal year 2023, the School District paid the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 12—STATUTORY RESERVES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside reserve balance as of June 30, 2022	$ -
Current year set-aside requirement	1,666,532
Current year offsets	(902,859)
Current year qualifying expenditures	(763,673)
Total	$ -
Set-aside reserve balance as of June 30, 2023	$ -

NOTE 13—CONTINGENCIES

Grants

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

Litigation

The School District is not involved in material litigation as either plaintiff or defendant that management believes would have a material adverse effect on the financial statements.

Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

NOTE 14—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 to the extent fund balance is available. For the general fund, fund balance is not reported as assigned for encumbrances as unassigned fund balance is negative. At fiscal year-end, the School District's commitments for encumbrances (less amounts already reported as payables) in the governmental funds were as follows:

General Fund	$ 564,499
Other Governmental Funds	1,867,598
	$ 2,432,097

NOTE 15—JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association (NWOCA)

The School District is a participant with 41 other public entities in a jointly governed organization to operate NWOCA. NWOCA was formed for the purpose of providing computer services. NWOCA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The School District does not have an ongoing financial interest or responsibility in NWOCA.

Sylvania Area Joint Recreation District (SAJRD)

The School District, in conjunction with the City of Sylvania and the Sylvania Township, formed the Sylvania Area Joint Recreation District under the authority of Ohio Revised Code Section 755.14(C). The SAJRD Board of Trustees is composed of twelve members, four of whom are appointed by each of the separate governmental entities identified above. Funding for the SAJRD is provided by a voter-approved tax levy on all real property located within the Sylvania School District. Taxes are collected by the County Auditor and remitted to the SAJRD Board of Trustees.

NOTE 16—TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments have entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program within taxing districts of the School District. The CRA program is a direct incentive tax exemption program benefiting property owners who renovate existing buildings or construct new buildings. Under this program, the other governments have designated areas to encourage revitalization of the existing structures and the development of new structures.

The School District has incurred a reduction in property tax receipts due to agreements entered into by other governments. During tax year 2022, the School District's property tax receipts were reduced under agreements entered into by other governments by $208,287.

The School District is not receiving any amounts from these other governments in association with the forgone property tax receipts.

Required Supplementary Information

SYLVANIA CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Property taxes	$ 68,074,332	$ 68,074,332	$ 68,866,566	$ 792,234
Intergovernmental	25,805,241	25,805,241	25,049,358	(755,883)
Investment earnings	212,325	212,325	1,298,285	1,085,960
Tuition and fees	924,773	924,773	1,047,480	122,707
Rental income	27,756	27,756	40,525	12,769
Charges for services	627,716	627,716	680,424	52,708
Contributions and donations	250,000	250,000	2,050	(247,950)
Miscellaneous	281,290	281,290	417,876	136,586
Total revenues	96,203,433	96,203,433	97,402,564	1,199,131
Expenditures:				
Current:				
Instruction:				
Regular	40,797,422	40,164,826	39,449,405	715,421
Special	12,368,113	12,481,757	13,672,732	(1,190,975)
Vocational	1,927,371	1,931,664	1,969,837	(38,173)
Other	2,347,108	2,355,608	248,088	2,107,520
Support services:				
Pupil	6,938,251	6,974,251	7,044,536	(70,285)
Instructional staff	2,122,534	2,114,856	1,812,268	302,588
Board of Education	45,297	47,297	49,716	(2,419)
Administration	8,181,605	8,275,127	7,672,148	602,979
Fiscal	2,193,998	2,193,998	2,062,856	131,142
Business	85,079	85,079	52,809	32,270
Operation and maintenance of plant	9,927,977	10,128,281	9,691,041	437,240
Pupil transportation	5,328,154	5,755,954	5,469,934	286,020
Central	2,386,487	1,683,087	1,558,495	124,592
Operation of non-instructional services:				
Community services	24,305	24,305	13,000	11,305
Extracurricular activities	1,801,176	1,808,676	1,803,110	5,566
Capital outlay	629,610	629,610	12,610	617,000
Debt Service:				
Principal	355,000	355,000	355,000	-
Interest and fiscal charges	110,000	110,000	103,325	6,675
Total expenditures	97,569,487	97,119,376	93,040,910	4,078,466
Excess (deficiency) of revenues over (under) expenditures	(1,366,054)	(915,943)	4,361,654	5,277,597
Other financing sources (uses):				
Transfers in	-	-	23,612	23,612
Transfers out	(150,000)	(600,111)	(625,111)	(25,000)
Advances in	961,791	961,791	25,874	(935,917)
Other financing sources	473,698	473,698	159,872	(313,826)
Total other financing sources (uses)	1,285,489	835,378	(415,753)	(1,251,131)
Net change in fund balance	(80,565)	(80,565)	3,945,901	$ 4,026,466
Fund balance, beginning of year	30,734,372	30,734,372	30,734,372	
Prior year encumbrances appropriated	998,280	998,280	998,280	
Fund balance, end of year	$ 31,652,087	$ 31,652,087	$ 35,678,553	

See accompanying Notes to Required Supplementary Information.

SYLVANIA CITY SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3797%	$ 22,577,221	$ 10,474,176	215.55%	65.52%
2015	0.3797%	19,214,427	11,032,186	174.17%	71.70%
2016	0.3753%	21,415,826	11,298,938	189.54%	69.16%
2017	0.3652%	26,729,600	11,137,893	239.99%	62.98%
2018	0.3548%	21,200,840	11,585,579	182.99%	69.50%
2019	0.3554%	20,351,816	11,831,207	172.02%	71.36%
2020	0.3672%	21,971,722	13,442,659	163.45%	70.85%
2021	0.3561%	23,553,396	11,797,143	199.65%	68.55%
2022	0.3419%	12,616,954	11,420,929	110.47%	82.86%
2023	0.3569%	19,302,343	13,635,843	141.56%	75.82%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 1,529,061	$ (1,529,061)	$ -	$ 11,032,186	13.86%
2015	1,489,200	(1,489,200)	-	11,298,938	13.18%
2016	1,559,305	(1,559,305)	-	11,137,893	14.00%
2017	1,621,981	(1,621,981)	-	11,585,579	14.00%
2018	1,597,213	(1,597,213)	-	11,831,207	13.50%
2019	1,814,759	(1,814,759)	-	13,442,659	13.50%
2020	1,651,600	(1,651,600)	-	11,797,143	14.00%
2021	1,598,930	(1,598,930)	-	11,420,929	14.00%
2022	1,909,018	(1,909,018)	-	13,635,843	14.00%
2023	1,897,040	(1,897,040)	-	13,550,286	14.00%

See Notes to Required Supplementary Information.

SYLVANIA CITY SCHOOL DISTRICT

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net Pension Liability

and School District Pension Contributions

State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3533%	$ 102,364,574	$ 37,587,531	272.34%	69.3%
2015	0.3533%	85,934,466	36,097,362	238.06%	74.7%
2016	0.3530%	97,548,060	36,825,550	264.89%	72.1%
2017	0.3551%	118,849,730	38,017,786	312.62%	66.8%
2018	0.3544%	84,192,456	39,999,943	210.48%	75.3%
2019	0.3525%	77,499,944	40,899,571	189.49%	77.3%
2020	0.3479%	76,930,855	40,176,021	191.48%	77.4%
2021	0.3610%	87,349,119	44,445,757	196.53%	75.5%
2022	0.3616%	46,230,316	45,427,271	101.77%	87.8%
2023	0.3578%	79,534,450	45,852,807	173.46%	78.9%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 4,692,657	$ (4,692,657)	$ -	$ 36,097,362	13.00%
2015	5,155,577	(5,155,577)	-	36,825,550	14.00%
2016	5,322,490	(5,322,490)	-	38,017,786	14.00%
2017	5,599,992	(5,599,992)	-	39,999,943	14.00%
2018	5,725,940	(5,725,940)	-	40,899,571	14.00%
2019	5,624,643	(5,624,643)	-	40,176,021	14.00%
2020	6,222,406	(6,222,406)	-	44,445,757	14.00%
2021	6,359,818	(6,359,818)	-	45,427,271	14.00%
2022	6,419,393	(6,419,393)	-	45,852,807	14.00%
2023	6,812,809	(6,812,809)	-	48,662,921	14.00%

See Notes to Required Supplementary Information.

SYLVANIA CITY SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability
and School District OPEB Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.3699%	$ 10,543,382	$ 11,137,893	94.66%	11.49%
2018	0.3610%	9,687,127	11,585,579	83.61%	12.46%
2019	0.3610%	10,015,567	11,831,207	84.65%	13.57%
2020	0.3768%	9,476,887	13,442,659	70.50%	15.57%
2021	0.3709%	8,060,556	11,797,143	68.33%	18.17%
2022	0.3468%	6,563,276	11,420,929	57.47%	24.08%
2023	0.3641%	5,111,903	13,635,843	37.49%	30.34%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions (3)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 203,950	$ (203,950)	$ -	$ 11,032,186	1.85%
2015	238,348	(238,348)	-	11,298,938	2.11%
2016	186,313	(186,313)	-	11,137,893	1.67%
2017	200,787	(200,787)	-	11,585,579	1.73%
2018	256,453	(256,453)	-	11,831,207	2.17%
2019	299,630	(299,630)	-	13,442,659	2.23%
2020	244,689	(244,689)	-	11,797,143	2.07%
2021	195,976	(195,976)	-	11,420,929	1.72%
2022	233,627	(233,627)	-	13,635,843	1.71%
2023	255,012	(255,012)	-	13,550,286	1.88%

(3) Includes Surcharge.

See Notes to Required Supplementary Information.

SYLVANIA CITY SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)
and School District OPEB Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability/ (Asset)	School District's Proportionate Share of the Net OPEB Liability/ (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.3551%	$ 18,988,772	$ 38,017,786	49.95%	37.3%
2018	0.3544%	13,828,033	39,999,943	34.57%	47.1%
2019	0.3525%	(5,663,811)	40,899,571	(13.85%)	176.0%
2020	0.3479%	(5,761,673)	40,176,021	(14.34%)	174.7%
2021	0.3610%	(6,344,570)	44,445,757	(14.27%)	182.1%
2022	0.3616%	(7,623,468)	45,427,271	(16.78%)	174.7%
2023	0.3578%	(9,264,059)	45,852,807	(20.20%)	230.7%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year	Contractually Required Contributions (3)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 368,635	$ (368,635)	$ -	$ 36,097,362	1.02%
2015	-	-	-	36,825,550	0.00%
2016	-	-	-	38,017,786	0.00%
2017	-	-	-	39,999,943	0.00%
2018	-	-	-	40,899,571	0.00%
2019	-	-	-	40,176,021	0.00%
2020	-	-	-	44,445,757	0.00%
2021	-	-	-	45,427,271	0.00%
2022	-	-	-	45,852,807	0.00%
2023	-	-	-	48,662,921	0.00%

(3) STRS allocated the entire 14% employer contribution rate towards pension benefits beginning in fiscal year 2015.

See Notes to Required Supplementary Information.

Budgetary Basis of Accounting

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

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as an expenditure when liquidated (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

Net change in fund balance - GAAP Basis	$ 3,691,694
Increase / (decrease):	
Perspective difference	164,027
Due to revenues	(97,329)
Due to expenditures	542,650
Due to other sources (uses)	209,358
Due to encumbrances	(564,499)
Net change in fund balance - Budget Basis	$ 3,945,901

Notes to Pension Information

Changes of Benefit Terms

For measurement period 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.

Notes to Pension Information

Changes of Benefit Terms

For measurement period 2017, the COLA was reduced to zero.

Changes of Assumptions

For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Notes to OPEB Information

Changes of Benefit Terms

For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

Notes to OPEB Information (continued)

Changes of Assumptions

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* **,** and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capita health care costs were updated.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

Sylvania City School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Program Title	Federal ALN	Federal Expenditures
U.S. Department of Agriculture:		
(Passed through Ohio Department of Education)		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	212,864
Cash Assistance:		
School Breakfast Program	10.553	222,917
National School Lunch Program	10.555	1,039,324
COVID-19 - National School Lunch Program	10.555	191,530
Total Child Nutrition Cluster		1,666,635
Total U.S. Department of Agriculture		1,666,635
U.S. Department of Education:		
(Passed through Ohio Department of Education)		
Adult Education - Basic Grants to States	84.002	97,876
Title I Grants to Local Educational Agencies	84.010A	934,261
Special Education Cluster:		
Special Education - Grants to States (IDEA, Part B)	84.027A	1,665,286
COVID-19 - American Rescue Plan Special Education - Grants to States	84.027X	156,602
Special Education -Preschool Grants (IDEA Preschool)	84.173A	38,078
COVID-19 - American Rescue Plan Special Education - Preschool Grants	84.173X	13,083
Total Special Education Cluster		1,873,049
Career and Technical Education Basic Grant to States (Perkins V)	84.048A	97,592
Supporting Effective Instruction State Grants	84.367A	262,670
English Language Acquisition State Grants	84.365A	53,621
Student Support and Academic Enrichment Program	84.424A	29,735
Education Stabilization Fund:		
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	191,940
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	2,835,270
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (Homeless Children and Youth)	84.425W	9,757
Total Education Stabilization Fund		3,036,967
Total U.S. Department of Education		6,385,771
Total Expenditures of Federal Awards		$ 8,052,406

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

The School District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Sylvania City School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Sylvania City School District (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 December 20, 2023.

Reporting on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
December 20, 2023

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Sylvania City School District:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Sylvania City School District's (the "School District") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Clark, Schaefer, Hackett & Co.

Maumee, Ohio
December 20, 2023

SYLVANIA CITY SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

- ALN 84.010A– Title I Grants to Local Educational Agencies
- ALN 84.425D, 84.425U, 84.425W – COVID-19 Education Stabilization Fund

Dollar threshold to distinguish between Type A and Type B Programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

OHIO AUDITOR OF STATE
KEITH FABER

SYLVANIA CITY SCHOOL DISTRICT

LUCAS 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 2/1/2024

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