



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY

REGULAR AUDIT / SINGLE AUDIT

FOR THE YEARS ENDED JUNE 30, 2024-2023



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Columbus, Ohio 43215
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800-282-0370

Board of Education
Walnut Township Local School District
11850 Lancaster Street
Millersport, Ohio 43046

We have reviewed the *Independent Auditor's Report* of the Walnut Township Local School District, Fairfield County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2022 through June 30, 2024. 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. Walnut Township Local School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

June 03, 2025

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CERTIFIED PUBLIC ACCOUNTANTS

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2024

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WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
Fairfield County
For the Year Ended June 30, 2024
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INDEPENDENT AUDITOR'S REPORT

Walnut Township Local School District
Fairfield County
11850 Lancaster Street
Millersport, Ohio 43046

Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Walnut Township Local School District, Fairfield County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.
Portsmouth, Ohio
March 28, 2025

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024 (Unaudited)

The discussion and analysis of the Walnut Township Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

Total net position of the District at June 30, 2024 is \$10,752,179. This balance was comprised of a \$831,697 balance in net position amounts restricted for specific purposes, and \$9,920,482 in unrestricted net position.

In total, net position of governmental activities increased by \$1,981,611, which represents a 22.59 percent increase from 2023. Net position of the business-type activities decreased \$9,680 which represents a 100 percent decrease from 2023.

General receipts accounted for \$10,937,196 or 86.53 percent of all receipts of governmental activities. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$1,702,490 or 13.47 percent of total receipts of \$12,639,686 for the governmental activities.

The District had \$10,592,669 in disbursements related to governmental activities; only \$1,702,490 of these disbursements were offset by program specific charges for services and sales, grants and contributions. General receipts (primarily taxes and grants and entitlements) of \$10,937,196 along with net cash position from the prior year were used to provide for the remainder of these programs.

The District had \$435,344 in disbursements related to business-type activities; \$356,927 of these disbursements were offset by program specific charges for services and sales, operating grants and contributions.

The District recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the District combined. The General Fund had \$11,590,972 in receipts and \$9,762,917 in disbursements in fiscal year 2024.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on the District's cash and net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as cash is received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the District's programs and services are reported here including instructional services, support services, extracurricular activities, and debt service. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses for the goods or services provided. The District food service operations are reported as business activities.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Governmental Funds

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

Proprietary Funds

The District maintains two different types of proprietary funds; enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service activities. Internal service funds are an accounting device used to accumulate and allocate cost internally among the District's various functions. The District uses an internal service fund to account for the self insurance program. Because this service predominately benefits governmental rather than business-type functions, it has been included with governmental activities in the government-wide financial statements.

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.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole, showing cash and net position. Table 1 provides a summary of the District's net position for 2024 compared to fiscal year 2023:

Table 1
Net Position at Year End

| | Governmental Activities | | Business -Type Activities | | Total | |
|--|-------------------------|--------------------|---------------------------|----------------|---------------------|--------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| <u>Assets:</u> | | | | | | |
| Cash and Cash Equivalents With Fiscal Agents | \$ 10,752,179 | \$ 8,770,568 | \$ 0 | \$ 9,680 | \$ 10,752,179 | \$ 8,780,248 |
| <i>Total Assets</i> | <u>10,752,179</u> | <u>8,770,568</u> | <u>0</u> | <u>9,680</u> | <u>10,752,179</u> | <u>8,780,248</u> |
| <u>Net Position:</u> | | | | | | |
| Restricted | 831,697 | 507,879 | 0 | 0 | 831,697 | 507,879 |
| Unrestricted | <u>9,920,482</u> | <u>8,262,689</u> | <u>0</u> | <u>9,680</u> | <u>9,920,482</u> | <u>8,272,369</u> |
| <i>Total Net Position</i> | <u>\$10,752,179</u> | <u>\$8,770,568</u> | <u>\$0</u> | <u>\$9,680</u> | <u>\$10,752,179</u> | <u>\$8,780,248</u> |

Total Cash and Cash Equivalents increased \$1,971,931 from fiscal year 2023 due to the District controlling spending and an increase in property tax receipts.

The District's largest portion of net position is unrestricted net position. Those net positions represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$831,697 is restricted net position; which is subject to external restrictions on how they may be used.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

Table 2 shows the changes in net position for fiscal year 2024 and provides a comparison to fiscal year 2023.

| Table 2 | | | | | | |
|--|--------------------------------|---------------------------|---------------------------------|-----------------------|----------------------------|---------------------------|
| Changes in Net Position | | | | | | |
| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| <u>Receipts:</u> | | | | | | |
| <i>Program Receipts:</i> | | | | | | |
| Charges for Services and Sales | \$562,988 | \$538,049 | \$120,231 | \$124,370 | \$683,219 | \$662,419 |
| Operating Grants and Contributions | 1,139,502 | 1,114,596 | 236,696 | 231,526 | 1,376,198 | \$1,346,122 |
| <i>General Receipts:</i> | | | | | | |
| Property Taxes | 6,176,270 | 5,671,072 | 0 | 0 | 6,176,270 | \$5,671,072 |
| Income Taxes | 2,137,492 | 2,169,938 | 0 | 0 | 2,137,492 | \$2,169,938 |
| Unrestricted Grants and Entitlements | 1,954,630 | 1,649,744 | 0 | 0 | 1,954,630 | \$1,649,744 |
| Investment Earnings | 521,543 | 305,234 | 0 | 0 | 521,543 | \$305,234 |
| Proceeds from the Sale of Capital Assets | 325 | 548 | 0 | 0 | 325 | \$548 |
| Miscellaneous | 146,936 | 63,973 | 3,331 | 3,487 | 150,267 | \$67,460 |
| Total Receipts | <u>12,639,686</u> | <u>11,513,154</u> | <u>360,258</u> | <u>359,383</u> | <u>12,999,944</u> | <u>11,872,537</u> |
| <u>Disbursements:</u> | | | | | | |
| <i>Program Disbursements:</i> | | | | | | |
| <i>Instruction:</i> | | | | | | |
| Regular | 3,747,469 | 3,622,922 | 0 | 0 | 3,747,469 | 3,622,922 |
| Special | 2,160,623 | 1,800,049 | 0 | 0 | 2,160,623 | 1,800,049 |
| <i>Support Services:</i> | | | | | | |
| Pupils | 583,648 | 535,664 | 0 | 0 | 583,648 | 535,664 |
| Instructional Staff | 85,529 | 119,288 | 0 | 0 | 85,529 | 119,288 |
| Board of Education | 88,194 | 59,770 | 0 | 0 | 88,194 | 59,770 |
| Administration | 843,354 | 844,148 | 0 | 0 | 843,354 | 844,148 |
| Fiscal | 638,143 | 585,597 | 0 | 0 | 638,143 | 585,597 |
| Business | 36,837 | 30,299 | 0 | 0 | 36,837 | 30,299 |
| Operation and Maintenance of Plant | 1,408,928 | 1,443,759 | 0 | 0 | 1,408,928 | 1,443,759 |
| Pupil Transportation | 542,656 | 436,015 | 0 | 0 | 542,656 | 436,015 |
| Central | 21,611 | 20,789 | 0 | 0 | 21,611 | 20,789 |
| Operation of Non-Instructional Services | 45,483 | 2,690 | 0 | 0 | 45,483 | 2,690 |
| Extracurricular Activities | 390,194 | 331,940 | 0 | 0 | 390,194 | 331,940 |
| Food Service | 0 | 0 | 435,344 | 400,864 | 435,344 | 400,864 |
| Total Disbursements | <u>10,592,669</u> | <u>9,832,930</u> | <u>435,344</u> | <u>400,864</u> | <u>11,028,013</u> | <u>10,233,794</u> |
| Net Transfers In/Out | <u>(1,099)</u> | <u>(1,099)</u> | <u>65,406</u> | <u>1,099</u> | <u>64,307</u> | <u>0</u> |
| Change in Net Position | 1,981,611 | 1,679,125 | (9,680) | (40,382) | 1,971,931 | 1,638,743 |
| Net Position at Beginning of Year | <u>8,770,568</u> | <u>7,091,443</u> | <u>9,680</u> | <u>50,062</u> | <u>8,780,248</u> | <u>7,141,505</u> |
| Net Position at End of Year | <u><u>\$10,752,179</u></u> | <u><u>\$8,770,568</u></u> | <u><u>\$0</u></u> | <u><u>\$9,680</u></u> | <u><u>\$10,752,179</u></u> | <u><u>\$8,780,248</u></u> |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024 (Unaudited)

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration, and Fiscal. These programs account for 83.06 percent of the total governmental activities. Regular Instruction, which accounts for 35.38 percent of the total, represents costs associated with providing general educational services. Special Instruction, which accounts for 20.40 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 13.30 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 7.96 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Fiscal, which represents 6.02 percent of the total, represents costs associated with activities concerned with the financial operations of the District.

The majority of the funding for the most significant programs indicated above is from property taxes, income taxes and grants and entitlements not restricted for specific programs. Property taxes, income taxes and grants and entitlements not restricted for specific programs accounts for 81.24 percent of total receipts for governmental activities.

As noted previously, the net position for the governmental activities increased \$1,981,611 or 22.59 percent. This is a change from last year when net position increased \$1,679,125 or 23.68 percent. Governmental activities receipts increased \$1,126,532 or 9.78 percent over last year and disbursements increased \$759,739 or 7.73 percent from last year.

The District had program receipt increases for governmental activities of \$49,845 and an increase in general receipts of \$1,076,687. The increase in program receipts is related to increases in operating grants and contributions. The increase in general receipts is primarily due to increases in property taxes and unrestricted grants and entitlements.

The total disbursements for governmental activities increased \$759,739 due primarily to increases of \$124,547 and \$360,574 in regular instruction and special instruction, respectively.

The District's business-type activity is the Food Service. This fund represents costs associated with food service operations.

As noted previously, the net position for the business-type decreased \$9,680 or 100 percent. This is a decrease from last year when net position decreased \$40,382 or 80.66 percent. Business-type activities receipts increased \$875 or 0.24 percent from last year and disbursements increased \$34,480 or 8.60 percent from last year.

Governmental Activities

The District has rebounded from financial difficulties realized in past fiscal years. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes, income taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 48.86 percent, income taxes made up 16.91 percent and intergovernmental receipts made up 24.48 percent of the total receipts for the governmental activities in fiscal year 2024.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 20 mills. The District's operating millage rate is currently at 20 mills and collections do increase/decrease correspondingly with fluctuations in property valuations.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

The District's income tax receipts consist of a 1.75 percent voted income tax levy. During fiscal year 2024, the District received \$2,137,492, which is consistent with those received in the prior year.

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2024, the District received \$1,402,868 through the State's foundation program, which represents 11.10 percent of the total receipts for the governmental activities. The District relies on this state funding to operate at the current levels of service.

Instruction accounts for 55.78 percent of governmental activities program disbursements. Support services expenses make up 40.54 percent of governmental activities program disbursements. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities consist of food service. Program receipts total \$356,927 and disbursements total \$435,344 for fiscal year 2024. 33.69 percent of program receipts were from fees for the food service program.

Table 3 shows, the total cost of services and the net cost of services for fiscal year 2024 and comparison to fiscal year 2023. That is, it identifies the cost of these services supported by tax receipts, income tax receipts and unrestricted State entitlements.

Table 3

Net Cost of Activities

| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
|----------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | 2024 | 2024 | 2023 | 2023 |
| <i>Program Disbursements:</i> | | | | |
| <i>Governmental Activities:</i> | | | | |
| Instruction | \$5,908,092 | \$4,792,182 | \$5,422,971 | \$4,586,750 |
| Support Services | 4,294,383 | 3,889,392 | 4,078,019 | 3,427,766 |
| Extracurricular Activities | 390,194 | 208,605 | 331,940 | \$165,769 |
| <i>Business-Type Activities:</i> | | | | |
| Food Service | 435,344 | 78,417 | 400,864 | 44,968 |
| Total Expenses | <u>\$11,028,013</u> | <u>\$8,968,596</u> | <u>\$10,233,794</u> | <u>\$8,225,253</u> |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024 (Unaudited)

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$13,263,109 and disbursements and other financing uses of \$11,454,692.

Total governmental funds fund balance increased by \$1,808,417. The increase in fund balance for the year was most significant in the General Fund with an increase of \$1,139,551, which occurred as a result of increases in property tax and intergovernmental receipts during 2024.

Budget Highlights - General Fund

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

During the course of the fiscal year, the District amended its General Fund budget several times. The District uses a modified program-based budget technique that is designed to control program budgets while providing building administrators and supervisor's flexibility for program management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budgeted receipts were \$10,427,560, representing a decrease of \$372,921 from the original budget estimates of \$10,800,481. For the General Fund, the final budgeted disbursements were \$10,680,104, representing an increase of \$2,644,000 from the original budget estimates of \$8,036,104. The final budget reflected a 32.90 percent increase from the original budgeted amount. The actual budget basis expenditures were \$10,497,228 representing a \$182,876 positive variance when compared with the final budgeted amount.

Debt Administration

At June 30, 2024, the District had no general obligation debt outstanding.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024 (Unaudited)

Economic Factors

Although considered a mid-wealth district, the District is dependent on property and income taxes and state funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from income & property taxes to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students and the current financial forecast projects a strong General Fund cash balance beyond fiscal year 2027 due to the income tax being renewed.

With the passage of the new State Budget for 2023-2024, our District has experienced a change in the current funding method. HB110 adopts the Fair School Funding Plan which replaces the former formula funding. However, this 2 year budget plan only funds 2 years of the 6 year phase in. The District was released from fiscal caution on January 11, 2017.

Residential growth has not eluded the District over the past few years. Residential/agricultural property contributes over 95 percent of the District's property tax revenue. The District is made up of: 87.37% residential, 4.12% Mineral, Commercial and Industrial, and 8.51% Agriculture.

The District maintains a \$250,000 property tax levy that expires December 31, 2025 and also maintains a \$1,000,000 property tax levy that expires December 31, 2024. These levies account for 45% of the total District operating revenue.

The District maintains a 1.75% income tax levy that expires December 31, 2033. This levy accounts for 20% of total District operating revenue.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Jill Bradford, Treasurer, Walnut Township Local School District, 11850 Lancaster Street, Millersport, Ohio 43046.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2024

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|--------------|
| <u>Assets:</u> | | | |
| <i>Current Assets:</i> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$9,748,846 | \$0 | 9,748,846 |
| Cash and Cash Equivalents With Fiscal Agents | 1,003,333 | 0 | 1,003,333 |
| <i>Total Assets</i> | 10,752,179 | 0 | 10,752,179 |
| <u>Net Position:</u> | | | |
| <i>Restricted for:</i> | | | |
| Capital Projects | 374,469 | 0 | 374,469 |
| Other Purposes | 457,228 | 0 | 457,228 |
| Unrestricted | 9,920,482 | 0 | 9,920,482 |
| <i>Total Net Position</i> | \$10,752,179 | \$0 | \$10,752,179 |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Activities - Cash Basis

For the Fiscal Year Ended June 30, 2024

| | Program Receipts | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|---|---------------------|--------------------------------|------------------------------------|--|--------------------------|---------------------|
| | Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| <u>Governmental Activities:</u> | | | | | | |
| <i>Instruction:</i> | | | | | | |
| Regular | \$3,747,469 | \$405,801 | \$380,062 | (\$2,961,606) | \$0 | (\$2,961,606) |
| Special | 2,160,623 | 0 | 330,047 | (1,830,576) | 0 | (1,830,576) |
| <i>Support Services:</i> | | | | | | |
| Pupils | 583,648 | 3,454 | 0 | (580,194) | 0 | (580,194) |
| Instructional Staff | 85,529 | 959 | 19,721 | (64,849) | 0 | (64,849) |
| Board of Education | 88,194 | 0 | 0 | (88,194) | 0 | (88,194) |
| Administration | 843,354 | 935 | 10,531 | (831,888) | 0 | (831,888) |
| Fiscal | 638,143 | 0 | 0 | (638,143) | 0 | (638,143) |
| Business | 36,837 | 0 | 0 | (36,837) | 0 | (36,837) |
| Operation and Maintenance of Plant | 1,408,928 | 0 | 183,750 | (1,225,178) | 0 | (1,225,178) |
| Pupil Transportation | 542,656 | 0 | 167,196 | (375,460) | 0 | (375,460) |
| Central | 21,611 | 0 | 2,995 | (18,616) | 0 | (18,616) |
| Operation of Non-Instructional Services | 45,483 | 2,303 | 13,147 | (30,033) | 0 | (30,033) |
| Extracurricular Activities | 390,194 | 149,536 | 32,053 | (208,605) | 0 | (208,605) |
| <i>Total Governmental Activities</i> | <u>10,592,669</u> | <u>562,988</u> | <u>1,139,502</u> | <u>(8,890,179)</u> | <u>0</u> | <u>(8,890,179)</u> |
| <u>Business-Type Activities:</u> | | | | | | |
| Food Service | 435,344 | 120,231 | 236,696 | 0 | (78,417) | (78,417) |
| <i>Total Business-Type Activities</i> | <u>435,344</u> | <u>120,231</u> | <u>236,696</u> | <u>0</u> | <u>(78,417)</u> | <u>(78,417)</u> |
| <i>Totals</i> | <u>\$11,028,013</u> | <u>\$683,219</u> | <u>\$1,376,198</u> | <u>(8,890,179)</u> | <u>(78,417)</u> | <u>(8,968,596)</u> |
| <u>General Receipts:</u> | | | | | | |
| <i>Property Taxes Levied for:</i> | | | | | | |
| General Purposes | | | | 6,176,270 | 0 | 6,176,270 |
| <i>Income Taxes Levied for:</i> | | | | | | |
| General Purposes | | | | 2,137,492 | 0 | 2,137,492 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 1,954,630 | 0 | 1,954,630 |
| Investment Earnings | | | | 521,543 | 0 | 521,543 |
| Miscellaneous | | | | 146,936 | 3,331 | 150,267 |
| Proceeds from the Sale of Capital Assets | | | | 325 | 0 | 325 |
| <i>Total General Receipts</i> | | | | <u>10,937,196</u> | <u>3,331</u> | <u>10,940,527</u> |
| Transfers | | | | (65,406) | 65,406 | 0 |
| <i>Total General Receipts and Transfers</i> | | | | <u>10,871,790</u> | <u>68,737</u> | <u>10,940,527</u> |
| Change in Net Position | | | | 1,981,611 | (9,680) | 1,971,931 |
| <i>Net Position at Beginning of Year</i> | | | | <u>8,770,568</u> | <u>9,680</u> | <u>8,780,248</u> |
| <i>Net Position at End of Year</i> | | | | <u>\$10,752,179</u> | <u>\$0</u> | <u>\$10,752,179</u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2024

| | General | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------------------|--------------------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$8,913,297 | \$691,536 | \$9,604,833 |
| <i>Total Assets</i> | <u>\$8,913,297</u> | <u>\$691,536</u> | <u>\$9,604,833</u> |
| <u>Fund Balances:</u> | | | |
| Nonspendable | \$1,757 | \$0 | \$1,757 |
| Restricted | 0 | 452,819 | 452,819 |
| Committed | 4,409 | 0 | 4,409 |
| Assigned | 902,286 | 374,469 | 1,276,755 |
| Unassigned | 8,004,845 | (135,752) | 7,869,093 |
| <i>Total Fund Balances</i> | <u>\$8,913,297</u> | <u>\$691,536</u> | <u>\$9,604,833</u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities
June 30, 2024*

| | |
|--|--------------------|
| Total Governmental Fund Cash Balances | \$9,604,833 |
|--|--------------------|

*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.

| |
|-----------|
| 1,147,346 |
|-----------|

Net Cash Position of Governmental Activities

| |
|---------------------|
| <u>\$10,752,179</u> |
|---------------------|

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

| | General | Other Governmental Funds | Total Governmental Funds |
|--|---------------------------|--------------------------------|--------------------------------|
| <u>Receipts:</u> | | | |
| Property Taxes | \$6,176,270 | \$0 | \$6,176,270 |
| Income Taxes | 2,137,492 | 0 | 2,137,492 |
| Intergovernmental | 2,288,075 | 757,379 | 3,045,454 |
| Interest | 521,543 | 0 | 521,543 |
| Tuition and Fees | 410,667 | 0 | 410,667 |
| Extracurricular Activities | 935 | 149,536 | 150,471 |
| Gifts and Donations | 16,625 | 32,053 | 48,678 |
| Rent | 1,100 | 0 | 1,100 |
| Charges for Services | 750 | 0 | 750 |
| Miscellaneous | 37,515 | 109,421 | 146,936 |
| <i>Total Receipts</i> | <u>11,590,972</u> | <u>1,048,389</u> | <u>12,639,361</u> |
| <u>Disbursements:</u> | | | |
| <i>Current:</i> | | | |
| <i>Instruction:</i> | | | |
| Regular | 3,744,978 | 96,514 | 3,841,492 |
| Special | 1,933,046 | 247,282 | 2,180,328 |
| <i>Support Services:</i> | | | |
| Pupils | 590,000 | 0 | 590,000 |
| Instructional Staff | 86,655 | 594 | 87,249 |
| Board of Education | 88,194 | 0 | 88,194 |
| Administration | 861,015 | 2,500 | 863,515 |
| Fiscal | 645,661 | 0 | 645,661 |
| Business | 36,837 | 0 | 36,837 |
| Operation and Maintenance of Plant | 1,227,582 | 194,318 | 1,421,900 |
| Pupil Transportation | 332,554 | 215,167 | 547,721 |
| Central | 18,011 | 3,600 | 21,611 |
| Operation of Non-Instructional Services | 2,332 | 43,151 | 45,483 |
| Extracurricular Activities | 196,052 | 199,820 | 395,872 |
| <i>Total Disbursements</i> | <u>9,762,917</u> | <u>1,002,946</u> | <u>10,765,863</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,828,055</u> | <u>45,443</u> | <u>1,873,498</u> |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from the Sale of Capital Assets | 325 | 0 | 325 |
| Advances In | 0 | 5,792 | 5,792 |
| Advances Out | (5,792) | 0 | (5,792) |
| Transfers In | 0 | 617,631 | 617,631 |
| Transfers Out | (683,037) | 0 | (683,037) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(688,504)</u> | <u>623,423</u> | <u>(65,081)</u> |
| <i>Net Change in Fund Balances</i> | <u>1,139,551</u> | <u>668,866</u> | <u>1,808,417</u> |
| <i>Fund Balances at Beginning of Year</i> | <u>7,773,746</u> | <u>22,670</u> | <u>7,796,416</u> |
| <i>Fund Balances at End of Year</i> | <u><u>\$8,913,297</u></u> | <u><u>\$691,536</u></u> | <u><u>\$9,604,833</u></u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

| | |
|--|--------------------|
| Net Change in Fund Cash Balances - Total Governmental Funds | \$1,808,417 |
|--|--------------------|

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the District-Wide Statement of Activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

| |
|---------|
| 173,194 |
|---------|

Change in Net Cash Position of Governmental Activities

| |
|---------------------------|
| <u><u>\$1,981,611</u></u> |
|---------------------------|

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|--------------------|--------------------|---|
| | Original | Final | Actual | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$5,774,667 | \$5,240,000 | \$6,176,270 | \$936,270 |
| Income Taxes | 1,998,505 | 2,137,500 | 2,137,492 | (8) |
| Intergovernmental | 2,139,296 | 2,123,060 | 2,288,075 | 165,015 |
| Interest | 487,630 | 520,000 | 521,543 | 1,543 |
| Tuition and Fees | 366,024 | 398,000 | 391,479 | (6,521) |
| Rent | 1,028 | 0 | 1,100 | 1,100 |
| Gifts and Donations | 7,597 | 9,000 | 8,125 | (875) |
| Miscellaneous | 25,734 | 0 | 27,524 | 27,524 |
| <i>Total Receipts</i> | <u>10,800,481</u> | <u>10,427,560</u> | <u>11,551,608</u> | <u>1,124,048</u> |
| <u>Disbursements:</u> | | | | |
| <i>Current:</i> | | | | |
| <i>Instruction:</i> | | | | |
| Regular | 3,362,413 | 3,960,987 | 3,867,738 | 93,249 |
| Special | 1,414,381 | 2,044,722 | 2,080,585 | (35,863) |
| <i>Support Services:</i> | | | | |
| Pupils | 432,807 | 642,338 | 661,238 | (18,900) |
| Instructional Staff | 120,888 | 123,919 | 85,712 | 38,207 |
| Board of Education | 58,549 | 112,151 | 97,397 | 14,754 |
| Administration | 795,019 | 855,602 | 839,887 | 15,715 |
| Fiscal | 571,720 | 640,564 | 646,912 | (6,348) |
| Business | 30,299 | 43,299 | 42,567 | 732 |
| Operation and Maintenance of Plant | 791,923 | 1,617,409 | 1,573,766 | 43,643 |
| Pupil Transportation | 321,363 | 419,328 | 373,205 | 46,123 |
| Central | 16,787 | 19,907 | 24,040 | (4,133) |
| Extracurricular Activities | 119,955 | 199,878 | 204,181 | (4,303) |
| <i>Total Disbursements</i> | <u>8,036,104</u> | <u>10,680,104</u> | <u>10,497,228</u> | <u>182,876</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>2,764,377</u> | <u>(252,544)</u> | <u>1,054,380</u> | <u>1,306,924</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Proceeds from the Sale of Capital Assets | 0 | 0 | 325 | 325 |
| Advances Out | 0 | 0 | (5,792) | (5,792) |
| Transfers Out | (124,862) | (610,862) | (683,037) | (72,175) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(124,862)</u> | <u>(610,862)</u> | <u>(688,504)</u> | <u>(77,642)</u> |
| <i>Total Receipts and Other Financing Sources</i> | | | | |
| <i>Over (Under) Disbursements and Other Financing Uses</i> | <u>2,639,515</u> | <u>(863,406)</u> | <u>365,876</u> | <u>1,229,282</u> |
| <i>Fund Balance at Beginning of Year</i> | <u>7,281,211</u> | <u>7,281,211</u> | <u>7,281,211</u> | <u>0</u> |
| <i>Prior Year Encumbrances Appropriated</i> | <u>357,755</u> | <u>357,755</u> | <u>357,755</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u>\$10,278,481</u> | <u>\$6,775,560</u> | <u>\$8,004,842</u> | <u>\$1,229,282</u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Fund Net Position - Cash Basis

Proprietary Funds

June 30, 2024

| | <hr/> | |
|--|-----------------|----------------------------|
| | | Governmental Activities |
| | Enterprise Fund | Internal Service |
| <u>Assets:</u> | | |
| <i>Current Assets:</i> | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$144,013 |
| Cash and Cash Equivalents with Fiscal Agents | 0 | 1,003,333 |
| | <hr/> | <hr/> |
| <i>Total Assets</i> | 0 | 1,147,346 |
| | <hr/> | <hr/> |
| <u>Net Position:</u> | | |
| Unrestricted | 0 | 1,147,346 |
| | <hr/> | <hr/> |
| <i>Total Net Position</i> | \$0 | \$1,147,346 |
| | <hr/> <hr/> | <hr/> <hr/> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts,
Cash Disbursements and Changes in Cash Basis Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2024*

| | | Governmental Activities |
|---|-------------------|----------------------------|
| | Enterprise Fund | Internal Service |
| <u>Operating Receipts:</u> | | |
| Sales | \$120,231 | \$0 |
| Charges for Services | 0 | 1,710,447 |
| Other Receipts | 3,030 | 0 |
| | <u>123,261</u> | <u>1,710,447</u> |
| <i>Total Operating Receipts</i> | | |
| <u>Operating Disbursements:</u> | | |
| Salaries | 137,151 | 0 |
| Fringe Benefits | 121,887 | 0 |
| Purchased Services | 4,880 | 479,284 |
| Materials and Supplies | 170,236 | 0 |
| Claims | 0 | 1,057,969 |
| Other | 1,190 | 0 |
| | <u>435,344</u> | <u>1,537,253</u> |
| <i>Total Operating Disbursements</i> | | |
| <i>Operating Income (Loss)</i> | <u>(312,083)</u> | <u>173,194</u> |
| <u>Nonoperating Receipts:</u> | | |
| Federal and State Subsidies | 236,696 | 0 |
| Other | 301 | 0 |
| | <u>236,997</u> | <u>0</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | | |
| <i>Income (Loss) before Transfers</i> | (75,086) | 173,194 |
| Transfers In | 65,406 | 0 |
| <i>Change in Net Position</i> | (9,680) | 173,194 |
| <i>Net Position Beginning of Year</i> | <u>9,680</u> | <u>974,152</u> |
| <i>Net Position at End of Year</i> | <u><u>\$0</u></u> | <u><u>\$1,147,346</u></u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Walnut Township Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 23 classified and 44 teaching personnel and 5 administrative employees providing education to approximately 489 students.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the District are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, student transportation and food service.

Component units are legally separate organizations for which the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association (META), State Support Team, Region 11 (SSTR11), South Central Ohio Insurance Consortium (SCOIC) and Ohio SchoolComp. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administrative Code Section 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District's accounting policies are described below.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial cash position of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise 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.

B. Fund Accounting

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current cash balances

The following is the District's major governmental fund:

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

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

Proprietary Funds

The proprietary fund focus is on the determination of the change in net position and financial position. The District's proprietary funds are classified as either enterprise or internal service fund. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for transactions related to the food service operations. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical and prescription drugs benefits to employees.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared measuring receipts and disbursements when cash is received or paid.

Fund Financial Statements

Only cash is included on the Balance Sheet. The Statement of Receipts, Disbursements and Changes in Fund Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds and proprietary fund financial statements are prepared using the cash basis of accounting.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized by the Board to allocate appropriations to the function and object level within the fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2024 (See Note 4).

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during fiscal year 2024.

F. Inventory

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

G. Cash and Cash Equivalents

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

The District credits interest to the General Fund. Interest revenue credited to the General Fund during fiscal year 2024 amounted to \$521,543, which includes \$52,342 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. As of June 30, 2024, the District reported restricted assets in the General Fund which represent cash and cash equivalents set aside for capital improvements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

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

I. Capital Assets

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

J. Interfund Transactions

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

K. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

L. Long-Term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

M. Pensions/ Post Employment Benefits

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

N. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District first applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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

O. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When disbursements are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When disbursements are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

P. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the proprietary funds. For the District, these receipts are charges for services for the food service operations and for the self-insurance program. Operating disbursements are necessary costs incurred to provide the good or service that are the primary activity of that fund. Receipts and disbursements not meeting these definitions are reported as nonoperating.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Compliance

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

Deficit Fund Balance

At June 30, 2024, Special Education, Title I, Drug Free School, IDEA and Improving Teacher Quality, non-major special revenue funds, reported a deficit fund balance of \$117,327, \$6,226, \$10,000, \$1,433 and \$766. The grants funding is provided on a reimbursement basis and as such the District recorded the disbursements during the fiscal year but did not receive reimbursement until after the end of the fiscal year.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the general fund on the cash basis but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the cash and budgetary basis statements for the General Fund for the year ended June 30, 2024:

| | <u>General</u> |
|--|-------------------------|
| Cash Basis | \$1,139,551 |
| Encumbrances | (802,937) |
| <i>Prospective Difference:</i> | |
| Activity of Funds Reclassified for Reporting Purposes | <u>29,262</u> |
| Budget Basis | <u><u>\$365,876</u></u> |

As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash reporting basis.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 5 -DEPOSITS

State law requires the classification of monies held by the District into three categories:

- (1) United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) 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; and
- (6) The State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and bankers' acceptances (if authorized by the Board of Education).

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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.

Public depositories must give security for all public funds on deposit. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 -DEPOSITS - (Continued)

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

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

The following information classifies depository categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Cash on Hand: At year-end, the District had \$25 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents".

Deposits: At June 30, 2024, the carrying amounts of all the District deposits were \$4,513,559. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2024, \$3,202,427 of the District's bank balance of \$3,624,343 was exposed to custodial risk as discussed below, while 421,916 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

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

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

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5 -DEPOSITS - (Continued)

At June 30, 2024, the District's deposits were covered by pledged securities by Commodore Bank. Deposits held at North Valley Bank were fully covered by FDIC insurance.

| Measurement/Investment Type | Measurement Value | Less Than One Year | % of Portfolio |
|-----------------------------|----------------------|-----------------------|-------------------|
| <i>Amortized Costs:</i> | | | |
| STAROhio | \$6,238,595 | \$6,238,595 | 100% |
| Total | \$6,238,595 | \$6,238,595 | 100% |

The District categorizes its fair value measurements within the fair value hierarchy established by cash basis accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The District only has STAR Ohio as an investment which is valued at its net asset value per share.

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 District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District has no investment policy that limits its credit risk other than the limitations of state laws mentioned previously.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the District or not.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. The assessed values upon which the fiscal year 2024 taxes were collected are:

| | 2023 Second Half Collections | | 2024 First Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$224,300,670 | 86.40% | \$227,888,530 | 87.81% |
| Public Utility Personal | 31,400,340 | 13.60% | 31,640,450 | 12.19% |
| Total Assessed Value | <u>\$255,701,010</u> | <u>100.00%</u> | <u>\$259,528,980</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$33.10 | | \$32.90 | |

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Fairfield County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024 are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

NOTE 7 - INCOME TAX

The District levies a voted tax of 1.75 percent for general operations on the earned income of residents. The tax became effective on January 1, 2014, and continues for ten years. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts of \$2,137,492 are credited to the General Fund for fiscal year 2024.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 8 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the District contracted with Tom Jones Insurance Agency, Inc. for property and fleet insurance and Ohio School Plan for liability insurance. Coverage's provided are as follows:

| Description | Amount |
|---|---------------|
| Building and Contents - replacement cost (\$2,500 deductible) | \$ 35,902,920 |
| Automobile Liability | 1,000,000 |
| Uninsured Motorists | 1,000,000 |
| <i>General Liability:</i> | |
| Per Occurrence | 3,000,000 |
| Total Per Year | 5,000,000 |
| <i>Public Officials Bonds:</i> | |
| Treasurer | 50,000 |
| Superintendent | 25,000 |
| Board President | 25,000 |
| Public Employee Dishonesty | 15,000 |

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

Workers' Compensation

For fiscal year 2024, the District participated in the Ohio SchoolComp, a comprehensive Workers Compensation (WC) insurance purchasing pool program of OSBA and OASBO, (Note 17). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the Pool. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. CompManagement LLC provides administrative, cost control and actuarial services to the Program.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 8 - RISK MANAGEMENT - (Continued)

Health Insurance Benefits

The District provides health and vision insurance program for its employees. The District has been self-funded through a program administered by the South Central Ohio Insurance Consortium (SCOIC) since July 1, 2015. Premiums are paid directly to SCOIC out of the District's self-insurance internal service fund. The SCOIC was established to carry out a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code, in an effort to minimize risk exposure and control claims and premium costs. The Board's share and the employees' share of premium contributions are determined by the negotiated agreement for certificated employees and by Board action for administrators and classified employees.

Stop loss limits are established by each district participating within the program. For fiscal year 2024, the District had an individual stop loss limit of \$75,000 per person with an unlimited maximum lifetime limit per person. With this coverage, the District contributions to the program cover the first \$75,000 in claims per individual and anything in excess of the \$75,000 - \$500,000 is covered by the SCOIC internal pool. SCOIC purchases stop loss from Jefferson Health Plan from \$500,000 - \$1.5 million and the stop loss from \$1.5 million with SunLife.

EBMC services all claims submitted by employees. The charges for services receipts reported in the internal service fund within these financial statements reflect the premiums paid by the same fund as those that are responsible for the employees' salaries. Disbursements reported within the internal service fund represent cash disbursements reported by SCOIC to operate the District's self-insurance program including claims, claims reserves and administrative costs.

At June 30, 2024, the District had an estimated \$70,790 of claims liability, based on an estimate provided by SCOIC, related to incurred but not reported (IBNR) claims at year end. The change in claims activity for the past year is presented below.

| <u>Fiscal Year</u> | <u>Balance at Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Balance at End of Year</u> |
|--------------------|---|--------------------------------|----------------------------|-----------------------------------|
| 2023 | \$54,430 | \$1,086,823 | \$1,116,459 | \$24,794 |
| 2024 | 24,794 | 1,057,969 | 1,011,973 | 70,790 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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 net pension liability represents the 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District's contractually required contribution to SERS was \$165,432 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

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. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

The District's contractually required contribution to STRS was \$496,724 for fiscal year 2024.

Net Pension Liability

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

| | SERS | STRS | Total |
|--|-------------|-------------|-------------|
| <i>Proportion of the Net Pension Liability:</i> | | | |
| Current Measurement Date | 0.02708110% | 0.02487618% | |
| Prior Measurement Date | 0.02579490% | 0.02322006% | |
| Change in Proportionate Share | 0.00128620% | 0.00165612% | |
| Proportionate Share of the Net Pension Liability | \$1,496,370 | \$5,357,070 | \$6,853,440 |
| Pension Expense (Gain) | \$138,994 | \$477,697 | \$616,691 |

Actuarial Assumptions - SERS

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

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

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, compared with June 30, 2022, are presented below:

| | June 30, 2023 | June 30, 2022 |
|--|---|---|
| Inflation | 2.40 percent | 2.40 percent |
| Future Salary Increases, including inflation | 3.25 percent to 13.58 percent | 3.50 percent to 13.58 percent |
| COLA or Ad Hoc COLA | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |
| Investment Rate of Return | 7.00 percent net of investment expenses | 7.00 percent net of system expense |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | Entry Age Normal (Level Percent of Payroll) |

Mortality rates for 2023 and 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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 assets class are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|-----------------------------|----------------------|---|
| Cash | 2.00 % | 0.75 % |
| US Equity | 24.75 | 4.82 |
| Non-US Equity Developed | 13.50 | 5.19 |
| Non-US Equity Emerging | 6.75 | 5.98 |
| Fixed Income/Global Bonds | 19.00 | 2.24 |
| Private Equity | 12.00 | 7.49 |
| Real Estate/Real Assets | 17.00 | 3.70 |
| Private Debt/Private Credit | 5.00 | 5.64 |
| Total | 100.00 % | |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|----------------------------------|--------------------|
| District's Proportionate Share of the Net Pension Liability | \$2,208,566 | \$1,496,370 | \$896,481 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

| | <u>June 30, 2023</u> | <u>June 30, 2022</u> |
|-----------------------------------|--|--|
| Inflation | 2.50 percent | 2.50 percent |
| Projected salary increases | 8.50 percent at age 20 to 2.50 percent at age 65 | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.00 percent, net of investment expenses, including inflation |
| Discount Rate of Return | 7.00 percent | 7.00 percent |
| Payroll Increases | 3.00 percent | 3.00 percent |
| Cost-of-Living Adjustments (COLA) | 0.0 percent | 0.0 percent, |

Post-Retirement mortality rates for 2023 and 2022 are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023, and was 7.00 percent 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|-------------|--------------------------|-------------|
| District's Proportionate Share of the Net Pension Liability | \$8,237,988 | \$5,357,070 | \$2,920,602 |

Assumption and Benefit Changes Since the Prior Measurement Date – The discount rate remained at 7.00 percent for June 30, 2023 valuation.

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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 net OPEB liability represents the 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 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. Resulting adjustments to the net OPEB liability 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 net OPEB liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

Plan Description - School Employees Retirement System (SERS)

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$16,508.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$16,508 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Net OPEB Liability

The net OPEB liability(asset) was measured as of June 30, 2023, and the total OPEB liability(asset) used to calculate the net OPEB liability(asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|--------------------|--------------------|--------------|
| Proportion of the Net OPEB Liability: | | | |
| Current Measurement Date | 0.02725580% | 0.02487618% | |
| Prior Measurement Date | 0.02578440% | 0.02322006% | |
| Change in Proportionate Share | <u>0.00147140%</u> | <u>0.00165612%</u> | |
| Proportionate Share of the Net OPEB Liability | \$449,024 | \$0 | \$449,024 |
| Proportionate Share of the Net OPEB (Asset) | \$0 | (\$483,807) | (\$483,807) |
| OPEB Expense (Gain) | (\$32,169) | (\$17,996) | (\$50,165) |

Actuarial Assumptions - SERS

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

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

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS— (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, compared with June 30, 2022, are presented below:

| | June 30, 2023 | June 30, 2022 |
|--|--|---|
| Inflation | 2.40 percent | 2.40 percent |
| Future Salary Increases, including inflation | | |
| Wage Increases | 3.25 percent to 13.58 percent | 3.25 percent to 13.58 percent |
| Investment Rate of Return | 7.00 percent net of investment expense | 7.00 percent net of investment expense, including inflation |
| Municipal Bond Index Rate: | | |
| Measurement Date | 3.86 percent | 3.69 percent |
| Prior Measurement Date | 3.69 percent | 1.92 percent |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation | | |
| Measurement Date | 4.27 percent | 4.08 percent |
| Prior Measurement Date | 4.08 percent | 2.27 percent |
| Medical Trend Assumption | | |
| Medicare | 6.75 to 4.40 percent | 7.00 to 4.40 percent |
| Pre-Medicare | 6.75 to 4.40 percent | 7.00 to 4.40 percent |

For 2023 and 2022, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|-----------------------------|------------------------------|---|
| Cash | 2.00 % | 0.75 % |
| US Equity | 24.75 | 4.82 |
| Non-US Equity Developed | 13.50 | 5.19 |
| Non-US Equity Emerging | 6.75 | 5.98 |
| Fixed Income/Global Bonds | 19.00 | 2.24 |
| Private Equity | 12.00 | 7.49 |
| Real Estate/Real Assets | 17.00 | 3.70 |
| Private Debt/Private Credit | 5.00 | 5.64 |
| Total | <u>100.00 %</u> | |

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023 and 3.69 percent at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent to 4.40 percent).

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|-------------|
| District's Proportionate Share of the Net OPEB Liability | \$573,982 | \$449,024 | \$350,490 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|-------------|-----------------------|-------------|
| District's Proportionate Share of the Net OPEB Liability | \$329,883 | \$449,024 | \$606,903 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation and the June 30, 2022 actuarial valuation are presented below:

| | June 30, 2023 | June 30, 2022 |
|----------------------------|--|--|
| Projected salary increases | Varies by service from 2.50 percent to 8.50 percent | Varies by service from 2.50 percent to 8.50 percent |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.00 percent, net of investment expenses, including inflation |
| Payroll Increases | 3 percent | 3 percent |
| Discount Rate of Return | 7.00 percent | 7.00 percent |
| Health Care Cost Trends | | |
| Medical | | |
| Pre-Medicare | 7.50 percent initial, 4.14 percent ultimate | 7.50 percent initial, 3.94 percent ultimate |
| Medicare | -10.94 percent initial, 4.14 percent ultimate | -68.78 percent initial, 3.94 percent ultimate |
| Prescription Drug | | |
| Pre-Medicare | -11.95 percent initial, 4.14 percent ultimate | 9.00 percent initial, 3.94 percent ultimate |
| Medicare | 1.33 percent initial, 4.14 percent ultimate | -5.47 initial, 3.94 percent ultimate |

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

For healthy retirees 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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:

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023, and was 7.00 percent 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 not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| District's Proportionate Share of the Net OPEB Asset | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|-------------|
| | \$409,480 | \$483,807 | \$548,539 |
| District's Proportionate Share of the Net OPEB Asset | 1% Decrease | Current Trend Rate | 1% Increase |
| | \$551,543 | \$483,807 | \$402,221 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Assumption Changes Since the Prior Measurement Date – The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024,

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260 days per year, earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 260 days for the Superintendent, 220 days for the Treasurer, 220 days for teachers, and 220 days for classified employees. Upon retirement, all employees receive one-fourth of the total sick leave accumulation.

Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Mutual of Ohio. Premiums are paid from the same funds that pay employees' salaries. Beginning July 1, 2015 the District began to provide health, drug, and vision insurance through a self-insured program with the South Central Ohio Insurance Consortium. See Note 8 for more information.

NOTE 12 - INTERFUND ACTIVITY

During fiscal year 2024, interfund transfers were as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------|--------------------|---------------------|
| General | \$0 | \$683,037 |
| Other Governmental Funds | 617,631 | 0 |
| Enterprise Fund | 65,406 | 0 |
| Total | <u>\$683,037</u> | <u>\$683,037</u> |

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 13 - STATUTORY SET ASIDES

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

The following cash basis changes occurred in the District's set-aside reserve account during fiscal year 2024:

| | <u>Capital Improvements</u> |
|--|---------------------------------|
| Set-Aside Balance June 30, 2023 | \$95,994 |
| Current Year Set Aside Requirement | 110,041 |
| Current Year Qualifying Disbursements | <u>(436,623)</u> |
| Total | <u>(230,588)</u> |
| Set-Aside Balance Carried Forward to Future Fiscal Years | <u>\$0</u> |
| Set-Aside Balance at June 30, 2024 | <u><u>\$0</u></u> |

NOTE 14 – FUND BALANCES

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 14 – FUND BALANCES – (Continued)**

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------|---------------------------|-----------------------------------|--------------------------------|
| <i>Nonspendable:</i> | | | |
| Unclaimed Monies | \$1,757 | \$0 | \$1,757 |
| <i>Total Nonspendable</i> | <u>1,757</u> | <u>0</u> | <u>1,757</u> |
| <i>Restricted:</i> | | | |
| Scholarships/Trusts | 0 | 133,403 | 133,403 |
| Student Activities | 0 | 46,373 | 46,373 |
| Athletics | 0 | 114,282 | 114,282 |
| Local Grants | 0 | 752 | 752 |
| State Grants | 0 | 17,906 | 17,906 |
| Federal Grants | 0 | 140,103 | 140,103 |
| <i>Total Restricted</i> | <u>0</u> | <u>452,819</u> | <u>452,819</u> |
| <i>Committed:</i> | | | |
| District Agency | 4,409 | 0 | 4,409 |
| <i>Total Committed</i> | <u>4,409</u> | <u>0</u> | <u>4,409</u> |
| <i>Assigned:</i> | | | |
| Uniform School Supplies | 82,516 | 0 | 82,516 |
| Public School Support | 16,833 | 0 | 16,833 |
| Student Instruction | 308,299 | 0 | 308,299 |
| Student and Staff Support | 486,509 | 0 | 486,509 |
| Extracurricular Activities | 8,129 | 0 | 8,129 |
| Permanent Improvement | 0 | 374,469 | 374,469 |
| <i>Total Assigned</i> | <u>902,286</u> | <u>374,469</u> | <u>1,276,755</u> |
| <i>Unassigned (Deficit)</i> | <u>8,004,845</u> | <u>(135,752)</u> | <u>7,869,093</u> |
| Total Fund Balance | <u><u>\$8,913,297</u></u> | <u><u>\$691,536</u></u> | <u><u>\$9,604,833</u></u> |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

NOTE 15 – ENCUMBRANCE COMMITMENTS

At June 30, 2024, the District had encumbrance commitments in the Governmental Funds as follows:

| | |
|------------------------------|---------------------------|
| <u>Major Funds:</u> | |
| General | \$802,937 |
| <u>Nonmajor Funds:</u> | |
| Permanent Improvement | 18,009 |
| Lunchroom | 3,202 |
| Student Managed Activities | 1,354 |
| Athletics and Bands | 10,550 |
| Self Insurance Fund | 144,012 |
| Miscellaneous State Grants | 3,600 |
| Miscellaneous Federal Grants | 227,451 |
| <i>Total Nonmajor Funds</i> | <u>390,169</u> |
| Total Encumbrances | <u><u>\$1,211,115</u></u> |

NOTE 16- JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions. META Solutions develops implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2024, the District paid META Solutions \$28,624 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

State Support Team Region 11

State Support Team Region 11 (SSTR11) is a not-for-profit Council of Governments of various school districts in Central Ohio. The District participates in services that assist the District in complying with mandates for educating children with disabilities. There is no financial commitment made by the District. SSTR11 is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for SSTR11.

South Central Ohio Insurance Consortium (SCOIC)

South Central Ohio Insurance Consortium is a regional council of governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 17- INSURANCE PURCHASING POOL

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

NOTE 18 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state 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 General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

B. School Foundation

In fiscal year 2024, District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2024 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2024 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.



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

Walnut Township Local School District
Fairfield County
11850 Lancaster Street
Millersport, Ohio 43046

Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Walnut Township Local School District, Fairfield County, (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2025, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

District's Response to Findings

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

Purpose of this Report

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

BHM CPA Group

BHM CPA Group Inc.
Portsmouth, Ohio
March 28, 2025

**Walnut Township Local School District
Fairfield County
Schedule of Findings
June 30, 2024**

FINDING NUMBER 2024-001

Material Noncompliance Citation

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

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

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, and deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time. We recommend the District take necessary steps to ensure the financial report is prepared in accordance with accounting principles generally accepted in the United States of America.

Pursuant to **Ohio Rev. Code § 117.38** the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Client Response: The District is aware of the financial reporting requirements per ORC. The District's management does not believe the preparing and filing of GAAP would benefit the District enough to offset the cost incurred by preparing and auditing those statements.

**Walnut Township Local School District
Fairfield County**

Summary Schedule of Prior Audit Findings

June 30, 2024

| Finding Number | Finding Summary | Status | Additional Information |
|---------------------------|--|---------------|-------------------------------|
| 2023-001 | Material Non-Compliance: OAC 117-2-03(B) the District is required to file its annual financial report in accordance with GAAP. | Not Corrected | Reissued as finding 2024-001 |

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bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
Fairfield County
For the Year Ended June 30, 2023
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INDEPENDENT AUDITOR'S REPORT

Walnut Township Local School District
Fairfield County
11850 Lancaster Street
Millersport, Ohio 43046

Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in cash-basis financial position and where applicable cash flows thereof and the budgetary comparison for the General fund for the years then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is (are) presented for purposes of additional analysis and is (are) not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied to the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are stylized and cursive.

BHM CPA Group Inc.
Portsmouth, Ohio
March 28, 2025

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2023

(Unaudited)

The discussion and analysis of the Walnut Township Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

Total net position of the District at June 30, 2023 is \$8,780,248. This balance was comprised of a \$507,879 balance in net position amounts restricted for specific purposes, and \$8,272,369 in unrestricted net position.

In total, net position of governmental activities increased by \$1,679,125, which represents a 23.68 percent increase from 2022. Net position of the business-type activities decreased \$40,382 which represents an 80.66 percent decrease from 2022.

General receipts accounted for \$9,860,509 or 85.65 percent of all receipts of governmental activities. Program specific receipts in the form of charges for services and sales and operating grants and contributions accounted for \$1,652,645 or 14.35 percent of total receipts of \$11,513,154 for the governmental activities.

The District had \$9,832,930 in disbursements related to governmental activities; only \$1,652,645 of these disbursements were offset by program specific charges for services and sales, grants and contributions. General receipts (primarily taxes and grants and entitlements) of \$9,860,509 along with net cash position from the prior year were used to provide for the remainder of these programs.

The District had \$400,864 in disbursements related to business-type activities; \$355,896 of these disbursements were offset by program specific charges for services and sales, operating grants and contributions.

The District recognizes one major governmental fund: the General Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other governmental funds of the District combined. The General Fund had \$10,531,072 in receipts and \$8,590,196 in disbursements in fiscal year 2023.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)*

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on the District's cash and net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the District's net position changed during the recent fiscal year. All changes in net position are reported as cash is received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District's activities are divided into two distinct kinds of activities: governmental activities and business-type activities.

Governmental Activities

Most of the District's programs and services are reported here including instructional services, support services, extracurricular activities, and debt service. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Business-Type Activities

These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses for the goods or services provided. The District food service operations are reported as business activities.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)*

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Governmental Funds

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

Proprietary Funds

The District maintains two different types of proprietary funds; enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The District uses an enterprise fund to account for its food service activities. Internal service funds are an accounting device used to accumulate and allocate cost internally among the District's various functions. The District uses an internal service fund to account for the self insurance program. Because this service predominately benefits governmental rather than business-type functions, it has been included with governmental activities in the government-wide financial statements.

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.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)*

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole, showing cash and net position. Table 1 provides a summary of the District's net position for 2022 compared to fiscal year 2021:

Table 1
Net Position at Year End

| | <u>Governmental Activities</u> | | <u>Business -Type Activities</u> | | <u>Total</u> | |
|--|--------------------------------|--------------------|----------------------------------|-----------------|--------------------|--------------------|
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2022</u> |
| <u>Assets:</u> | | | | | | |
| Cash and Cash Equivalents With Fiscal Agents | \$ 8,770,568 | \$ 7,091,443 | \$ 9,680 | \$ 50,062 | \$ 8,780,248 | \$ 7,141,505 |
| <i>Total Assets</i> | <u>8,770,568</u> | <u>7,091,443</u> | <u>9,680</u> | <u>50,062</u> | <u>8,780,248</u> | <u>7,141,505</u> |
| <u>Net Position:</u> | | | | | | |
| Restricted | 507,879 | 738,464 | 0 | 0 | 507,879 | 738,464 |
| Unrestricted | <u>8,262,689</u> | <u>6,352,979</u> | <u>9,680</u> | <u>50,062</u> | <u>8,272,369</u> | <u>6,403,041</u> |
| <i>Total Net Position</i> | <u>\$8,770,568</u> | <u>\$7,091,443</u> | <u>\$9,680</u> | <u>\$50,062</u> | <u>\$8,780,248</u> | <u>\$7,141,505</u> |

Total Cash and Cash Equivalents increased \$1,638,743 from fiscal year 2022 due to the District controlling spending and receipts exceeding disbursements.

The District's largest portion of net position is unrestricted net position. Those net positions represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$507,879 is restricted net position; which is subject to external restrictions on how they may be used.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)*

Table 2 shows the changes in net position for fiscal year 2023 and provides a comparison to fiscal year 2022.

| | Table 2 Changes in Net Position | | | | | |
|--|------------------------------------|--------------------|--------------------------|-----------------|--------------------|--------------------|
| | Governmental Activities | | Business-Type Activities | | Total | |
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| <u>Receipts:</u> | | | | | | |
| <i>Program Receipts:</i> | | | | | | |
| Charges for Services and Sales | \$538,049 | \$395,709 | \$124,370 | \$14,750 | \$662,419 | \$410,459 |
| Operating Grants and Contributions | 1,114,596 | 808,864 | 231,526 | 409,027 | 1,346,122 | 1,217,891 |
| <i>General Receipts:</i> | | | | | | |
| Property Taxes | 5,671,072 | 4,983,094 | 0 | 0 | 5,671,072 | 4,983,094 |
| Income Taxes | 2,169,938 | 1,995,319 | 0 | 0 | 2,169,938 | 1,995,319 |
| Unrestricted Grants and Entitlements | 1,649,744 | 1,766,934 | 0 | 0 | 1,649,744 | 1,766,934 |
| Investment Earnings | 305,234 | 22,674 | 0 | 0 | 305,234 | 22,674 |
| Proceeds from the Sale of Capital Assets | 548 | 4,610 | 0 | 0 | 548 | 4,610 |
| Miscellaneous | 63,973 | 70,018 | 3,487 | 3,091 | 67,460 | 73,109 |
| Total Receipts | 11,513,154 | 10,047,222 | 359,383 | 426,868 | 11,872,537 | 10,474,090 |
| <u>Disbursements:</u> | | | | | | |
| <i>Program Disbursements:</i> | | | | | | |
| <i>Instruction:</i> | | | | | | |
| Regular | \$3,622,922 | \$3,298,810 | \$0 | \$0 | \$3,622,922 | \$3,298,810 |
| Special | 1,800,049 | 1,529,158 | 0 | 0 | 1,800,049 | 1,529,158 |
| Student Intervention Services | 0 | 13,150 | 0 | 0 | 0 | 13,150 |
| <i>Support Services:</i> | | | | | | |
| Pupils | 535,664 | 478,459 | 0 | 0 | 535,664 | 478,459 |
| Instructional Staff | 119,288 | 73,788 | 0 | 0 | 119,288 | 73,788 |
| Board of Education | 59,770 | 70,169 | 0 | 0 | 59,770 | 70,169 |
| Administration | 844,148 | 788,344 | 0 | 0 | 844,148 | 788,344 |
| Fiscal | 585,597 | 515,517 | 0 | 0 | 585,597 | 515,517 |
| Business | 30,299 | 30,489 | 0 | 0 | 30,299 | 30,489 |
| Operation and Maintenance of Plant | 1,443,759 | 1,348,008 | 0 | 0 | 1,443,759 | 1,348,008 |
| Pupil Transportation | 436,015 | 274,458 | 0 | 0 | 436,015 | 274,458 |
| Central | 20,789 | 27,290 | 0 | 0 | 20,789 | 27,290 |
| Operation of Non-Instructional Services | 2,690 | 49,606 | 0 | 0 | 2,690 | 49,606 |
| Extracurricular Activities | 331,940 | 279,902 | 0 | 0 | 331,940 | 279,902 |
| Principal Retirement | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 | 0 | 0 | 0 |
| Food Service | 0 | 0 | 400,864 | 376,806 | 400,864 | 376,806 |
| Total Disbursements | 9,832,930 | 8,777,148 | 400,864 | 376,806 | 10,233,794 | 9,153,954 |
| Net Transfers In/Out | (1,099) | 0 | 1,099 | 0 | 0 | 0 |
| Change in Net Position | 1,679,125 | 1,270,074 | (40,382) | 50,062 | 1,638,743 | 1,320,136 |
| Net Position at Beginning of Year | 7,091,443 | 5,821,369 | 50,062 | 0 | 7,141,505 | 5,821,369 |
| Net Position at End of Year | \$8,770,568 | \$7,091,443 | \$9,680 | \$50,062 | \$8,780,248 | \$7,141,505 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023 (Unaudited)

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration, and Fiscal. These programs account for 84.37 percent of the total governmental activities. Regular Instruction, which accounts for 36.84 percent of the total, represents costs associated with providing general educational services. Special Instruction, which accounts for 18.31 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 14.68 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 8.58 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Fiscal, which represents 5.96 percent of the total, represents costs associated with activities concerned with the financial operations of the District.

The majority of the funding for the most significant programs indicated above is from property taxes, income taxes and grants and entitlements not restricted for specific programs. Property taxes, income taxes and grants and entitlements not restricted for specific programs accounts for 82.43 percent of total receipts for governmental activities.

As noted previously, the net position for the governmental activities increased \$1,679,125 or 23.68 percent. This is a change from last year when net position increased \$1,270,074 or 21.82 percent. Governmental activities receipts increased \$1,465,932 or 14.59 percent over last year and disbursements increased \$1,055,782 or 12.03 percent from last year.

The District had program receipt increases for governmental activities of \$448,072 and an increase in general receipts of \$1,017,860. The increase in program receipts is related to increases in operating grants and contributions. The increase in general receipts is primarily due to increases in property taxes.

The total disbursements for governmental activities increased \$1,055,782 due primarily to increases of \$324,112 and \$270,891 in regular instruction and special instruction, respectively.

The District's business-type activity is the Food Service. This fund represents costs associated with food service operations.

As noted previously, the net position for the business-type decreased \$40,382 or 80.66 percent. This is a decrease from last year when net position increased \$50,062 or 100 percent. Business-type activities receipts decreased \$67,485 or 15.81 percent from last year and disbursements increased \$24,058 or 6.38 percent from last year.

Governmental Activities

The District has rebounded from financial difficulties realized in past fiscal years. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes, income taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 49.26 percent, income taxes made up 18.85 percent and intergovernmental receipts made up 24.01 percent of the total receipts for the governmental activities in fiscal year 2023.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation until the millage rate has been reduced to 20 mills. The District's operating millage rate is currently at 20 mills and collections do increase/decrease correspondingly with fluctuations in property valuations.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)*

The District's income tax receipts consist of a 1.75 percent voted income tax levy. During fiscal year 2023, the District received \$2,169,938, which is consistent with those received in the prior year.

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2023, the District received \$1,301,406 through the State's foundation program, which represents 11.30 percent of the total receipts for the governmental activities. The District relies on this state funding to operate at the current levels of service.

Instruction accounts for 55.15 percent of governmental activities program disbursements. Support services expenses make up 41.47 percent of governmental activities program disbursements. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Business-Type Activities

Business-type activities consist of food service. Program receipts total \$355,896 and disbursements total \$400,864 for fiscal year 2023. 34.95 percent of program receipts were from fees for the food service program.

Table 3 shows, the total cost of services and the net cost of services for fiscal year 2023 and comparison to fiscal year 2022. That is, it identifies the cost of these services supported by tax receipts, income tax receipts and unrestricted State entitlements.

Table 3

Net Cost of Activities

| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
|----------------------------------|---------------------------|-------------------------|---------------------------|-------------------------|
| | 2023 | 2023 | 2022 | 2022 |
| <i>Program Disbursements:</i> | | | | |
| <i>Governmental Activities:</i> | | | | |
| Instruction | \$5,422,971 | \$4,586,750 | \$4,841,118 | \$4,062,784 |
| Support Services | 4,078,019 | 3,427,766 | 3,656,128 | 3,385,883 |
| Extracurricular Activities | 331,940 | 165,769 | 279,902 | 123,908 |
| <i>Business-Type Activities:</i> | | | | |
| Food Service | 400,864 | 44,968 | 376,806 | (46,971) |
| Total Expenses | <u>\$10,233,794</u> | <u>\$8,225,253</u> | <u>\$9,153,954</u> | <u>\$7,525,604</u> |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023 (Unaudited)

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$11,812,462 and disbursements and other financing uses of \$10,273,026.

Total governmental funds fund balance increased by \$1,539,436. The increase in fund balance for the year was most significant in the General Fund with an increase of \$1,641,017, which occurred as a result of an increase in receipts during 2023.

Budget Highlights - General Fund

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

During the course of the fiscal year, the District amended its General Fund budget several times. The District uses a modified program-based budget technique that is designed to control program budgets while providing building administrators and supervisor's flexibility for program management.

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budgeted receipts were \$9,610,189, representing an increase of \$376,500 from the original budget estimates of \$9,233,689. For the General Fund, the final budgeted disbursements were \$9,356,651, representing an increase of \$2,162,313 from the original budget estimates of \$7,194,338. The final budget reflected a 30.05 percent increase from the original budgeted amount. The actual budget basis expenditures were \$8,919,561 representing a \$437,090 positive variance when compared with the final budgeted amount.

Debt Administration

At June 30, 2023, the District had no general obligation debt outstanding.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)*

Economic Factors

Although considered a mid-wealth district, the District is dependent on property and income taxes and state funding. State funding does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding from income & property taxes to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students and the current financial forecast projects a strong General Fund cash balance beyond fiscal year 2026 due to the income tax being renewed.

With the passage of the new State Budget for 2023-2024, our District has experienced a change in the current funding method. HB110 adopts the Fair School Funding Plan which replaces the former formula funding. However, this 2 year budget plan only funds 2 years of the 6 year phase in. The District was released from fiscal caution on January 11, 2017.

Residential growth has not eluded the District over the past few years. Residential/agricultural property contributes over 95 percent of the District's property tax revenue. The District is made up of: 87.37% residential, 4.12% Mineral, Commercial and Industrial, and 8.51% Agriculture (CAUV is 53.52% of total AG value).

The District maintains a 1.75% income tax levy that expires December 31, 2023 and was renewed at the May 2023 election. This levy accounts for 20% of total District operating revenue.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Jill Bradford, Treasurer, Walnut Township Local School District, 11850 Lancaster Street, Millersport, Ohio 43046.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|-------------|
| <u>Assets:</u> | | | |
| <i>Current Assets:</i> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,944,217 | \$9,680 | 7,953,897 |
| Cash and Cash Equivalents With Fiscal Agents | 826,351 | 0 | 826,351 |
| <i>Total Assets</i> | 8,770,568 | 9,680 | 8,780,248 |
| <u>Net Position:</u> | | | |
| <i>Restricted for:</i> | | | |
| Capital Projects | 179,773 | 0 | 179,773 |
| Other Purposes | 232,112 | 0 | 232,112 |
| Set Asides | 95,994 | 0 | 95,994 |
| Unrestricted | 8,262,689 | 9,680 | 8,272,369 |
| <i>Total Net Position</i> | \$8,770,568 | \$9,680 | \$8,780,248 |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023

| | Program Receipts | | | Net (Disbursements) Receipts and Changes in Net Position | | |
|---|---------------------|--------------------------------------|--|---|-----------------------------|--------------------|
| | Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | Total |
| <u>Governmental Activities:</u> | | | | | | |
| <i>Instruction:</i> | | | | | | |
| Regular | \$3,622,922 | \$382,612 | \$73,032 | (\$3,167,278) | \$0 | (\$3,167,278) |
| Special | 1,800,049 | 0 | 380,286 | (1,419,763) | 0 | (1,419,763) |
| Vocational | 0 | 0 | 291 | 291 | 0 | 291 |
| <i>Support Services:</i> | | | | | | |
| Pupils | 535,664 | 7,596 | 0 | (528,068) | 0 | (528,068) |
| Instructional Staff | 119,288 | 3,921 | 0 | (115,367) | 0 | (115,367) |
| Board of Education | 59,770 | 0 | 0 | (59,770) | 0 | (59,770) |
| Administration | 844,148 | 3,938 | 9,779 | (830,431) | 0 | (830,431) |
| Fiscal | 585,597 | 0 | 0 | (585,597) | 0 | (585,597) |
| Business | 30,299 | 0 | 0 | (30,299) | 0 | (30,299) |
| Operation and Maintenance of Plant | 1,443,759 | 0 | 498,553 | (945,206) | 0 | (945,206) |
| Pupil Transportation | 436,015 | 0 | 121,151 | (314,864) | 0 | (314,864) |
| Central | 20,789 | 0 | 3,600 | (17,189) | 0 | (17,189) |
| Operation of Non-Instructional Services | 2,690 | 1,715 | 0 | (975) | 0 | (975) |
| Extracurricular Activities | 331,940 | 138,267 | 27,904 | (165,769) | 0 | (165,769) |
| <i>Total Governmental Activities</i> | <u>9,832,930</u> | <u>538,049</u> | <u>1,114,596</u> | <u>(8,180,285)</u> | <u>0</u> | <u>(8,180,285)</u> |
| <u>Business-Type Activities:</u> | | | | | | |
| Food Service | 400,864 | 124,370 | 231,526 | 0 | (44,968) | (44,968) |
| <i>Total Business-Type Activities</i> | <u>400,864</u> | <u>124,370</u> | <u>231,526</u> | <u>0</u> | <u>(44,968)</u> | <u>(44,968)</u> |
| <i>Totals</i> | <u>\$10,233,794</u> | <u>\$662,419</u> | <u>\$1,346,122</u> | <u>(8,180,285)</u> | <u>(44,968)</u> | <u>(8,225,253)</u> |
| <u>General Receipts:</u> | | | | | | |
| <i>Property Taxes Levied for:</i> | | | | | | |
| General Purposes | | | | 5,671,072 | 0 | 5,671,072 |
| <i>Income Taxes Levied for:</i> | | | | | | |
| General Purposes | | | | 2,169,938 | 0 | 2,169,938 |
| Grants and Entitlements not Restricted to Specific Programs | | | | 1,649,744 | 0 | 1,649,744 |
| Investment Earnings | | | | 305,234 | 0 | 305,234 |
| Miscellaneous | | | | 63,973 | 3,487 | 67,460 |
| Proceeds from the Sale of Capital Assets | | | | 548 | 0 | 548 |
| <i>Total General Receipts</i> | | | | <u>9,860,509</u> | <u>3,487</u> | <u>9,863,996</u> |
| Transfers | | | | (1,099) | 1,099 | 0 |
| <i>Total General Receipts and Transfers</i> | | | | <u>9,859,410</u> | <u>4,586</u> | <u>9,863,996</u> |
| Change in Net Position | | | | 1,679,125 | (40,382) | 1,638,743 |
| <i>Net Position at Beginning of Year</i> | | | | <u>7,091,443</u> | <u>50,062</u> | <u>7,141,505</u> |
| <i>Net Position at End of Year</i> | | | | <u>\$8,770,568</u> | <u>\$9,680</u> | <u>\$8,780,248</u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

| | General | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------------------|--------------------------------|
| <u>Assets:</u> | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,677,752 | \$22,670 | \$7,700,422 |
| <i>Restricted Assets:</i> | | | |
| Equity in Pooled Cash and Cash Equivalents | 95,994 | 0 | 95,994 |
| <i>Total Assets</i> | <u>\$7,773,746</u> | <u>\$22,670</u> | <u>\$7,796,416</u> |
| <u>Fund Balances:</u> | | | |
| Nonspendable | \$1,757 | \$0 | \$1,757 |
| Restricted | 95,994 | 202,112 | 298,106 |
| Committed | 30,000 | 0 | 30,000 |
| Assigned | 460,775 | 179,773 | 640,548 |
| Unassigned | 7,185,220 | (359,215) | 6,826,005 |
| <i>Total Fund Balances</i> | <u>\$7,773,746</u> | <u>\$22,670</u> | <u>\$7,796,416</u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities
June 30, 2023*

| | |
|--|--------------------|
| Total Governmental Fund Cash Balances | \$7,796,416 |
|--|--------------------|

*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.

| |
|---------|
| 974,152 |
|---------|

Net Cash Position of Governmental Activities

| |
|---------------------------|
| <u><u>\$8,770,568</u></u> |
|---------------------------|

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

| | General | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------------------|--------------------------------|
| <u>Receipts:</u> | | | |
| Property Taxes | \$5,671,072 | \$0 | \$5,671,072 |
| Income Taxes | 2,169,938 | 0 | 2,169,938 |
| Intergovernmental | 1,936,497 | 785,743 | 2,722,240 |
| Interest | 305,234 | 0 | 305,234 |
| Tuition and Fees | 395,694 | 0 | 395,694 |
| Extracurricular Activities | 3,938 | 137,575 | 141,513 |
| Gifts and Donations | 14,196 | 27,904 | 42,100 |
| Rent | 150 | 0 | 150 |
| Charges for Services | 692 | 0 | 692 |
| Miscellaneous | 33,661 | 30,312 | 63,973 |
| <i>Total Receipts</i> | <u>10,531,072</u> | <u>981,534</u> | <u>11,512,606</u> |
| <u>Disbursements:</u> | | | |
| <i>Current:</i> | | | |
| <i>Instruction:</i> | | | |
| Regular | 3,573,526 | 124,182 | 3,697,708 |
| Special | 1,595,440 | 221,770 | 1,817,210 |
| <i>Support Services:</i> | | | |
| Pupils | 476,649 | 63,990 | 540,639 |
| Instructional Staff | 119,794 | 1,200 | 120,994 |
| Board of Education | 59,770 | 0 | 59,770 |
| Administration | 855,864 | 4,383 | 860,247 |
| Fiscal | 591,032 | 600 | 591,632 |
| Business | 30,299 | 0 | 30,299 |
| Operation and Maintenance of Plant | 779,557 | 674,386 | 1,453,943 |
| Pupil Transportation | 330,431 | 110,200 | 440,631 |
| Central | 17,189 | 3,600 | 20,789 |
| Operation of Non-Instructional Services | 644 | 2,046 | 2,690 |
| Extracurricular Activities | 160,001 | 176,066 | 336,067 |
| <i>Total Disbursements</i> | <u>8,590,196</u> | <u>1,382,423</u> | <u>9,972,619</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,940,876</u> | <u>(400,889)</u> | <u>1,539,987</u> |
| <u>Other Financing Sources (Uses):</u> | | | |
| Proceeds from the Sale of Capital Assets | 548 | 0 | 548 |
| Transfers In | 0 | 299,308 | 299,308 |
| Transfers Out | (300,407) | 0 | (300,407) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(299,859)</u> | <u>299,308</u> | <u>(551)</u> |
| <i>Net Change in Fund Balances</i> | <u>1,641,017</u> | <u>(101,581)</u> | <u>1,539,436</u> |
| <i>Fund Balances at Beginning of Year</i> | <u>6,132,729</u> | <u>124,251</u> | <u>6,256,980</u> |
| <i>Fund Balances at End of Year</i> | <u>\$7,773,746</u> | <u>\$22,670</u> | <u>\$7,796,416</u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

| | |
|--|--------------------|
| Net Change in Fund Cash Balances - Total Governmental Funds | \$1,539,436 |
|--|--------------------|

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the District-Wide Statement of Activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

| |
|---------|
| 139,689 |
|---------|

Change in Net Cash Position of Governmental Activities

| |
|--------------------|
| <u>\$1,679,125</u> |
|--------------------|

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2023

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---------------------------|---------------------------|---------------------------|---|
| | Original | Final | Actual | |
| <u>Receipts:</u> | | | | |
| Property Taxes | \$5,272,003 | \$5,274,003 | \$5,671,072 | \$397,069 |
| Income Taxes | 1,881,032 | 1,881,032 | 2,169,938 | 288,906 |
| Intergovernmental | 1,937,904 | 1,945,904 | 1,936,497 | (9,407) |
| Interest | 20,000 | 230,000 | 305,234 | 75,234 |
| Tuition and Fees | 94,000 | 244,000 | 371,191 | 127,191 |
| Rent | 1,000 | 1,000 | 150 | (850) |
| Gifts and Donations | 1,000 | 7,500 | 7,000 | (500) |
| Miscellaneous | 26,750 | 26,750 | 23,725 | (3,025) |
| <i>Total Receipts</i> | <u>9,233,689</u> | <u>9,610,189</u> | <u>10,484,807</u> | <u>874,618</u> |
| <u>Disbursements:</u> | | | | |
| <i>Current:</i> | | | | |
| <i>Instruction:</i> | | | | |
| Regular | 3,166,824 | 3,377,682 | 3,589,727 | (212,045) |
| Special | 1,153,789 | 1,945,007 | 1,605,782 | 339,225 |
| <i>Support Services:</i> | | | | |
| Pupils | 368,842 | 580,258 | 475,215 | 105,043 |
| Instructional Staff | 73,328 | 119,296 | 121,349 | (2,053) |
| Board of Education | 65,281 | 73,303 | 69,372 | 3,931 |
| Administration | 758,741 | 826,564 | 839,521 | (12,957) |
| Fiscal | 514,038 | 639,743 | 598,876 | 40,867 |
| Business | 28,989 | 39,597 | 33,299 | 6,298 |
| Operation and Maintenance of Plant | 676,528 | 1,182,069 | 979,953 | 202,116 |
| Pupil Transportation | 267,273 | 418,220 | 415,398 | 2,822 |
| Central | 22,322 | 24,322 | 17,189 | 7,133 |
| Extracurricular Activities | 98,383 | 130,590 | 173,880 | (43,290) |
| <i>Total Disbursements</i> | <u>7,194,338</u> | <u>9,356,651</u> | <u>8,919,561</u> | <u>437,090</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>2,039,351</u> | <u>253,538</u> | <u>1,565,246</u> | <u>1,311,708</u> |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Proceeds from the Sale of Capital Assets | 5,000 | 5,000 | 548 | (4,452) |
| Transfers In | 160,150 | 160,150 | 0 | (160,150) |
| Transfers Out | (154,846) | (354,846) | (300,407) | 54,439 |
| <i>Total Other Financing Sources (Uses)</i> | <u>10,304</u> | <u>(189,696)</u> | <u>(299,859)</u> | <u>(110,163)</u> |
| <i>Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i> | <u>2,049,655</u> | <u>63,842</u> | <u>1,265,387</u> | <u>1,201,545</u> |
| <i>Fund Balance at Beginning of Year</i> | <u>5,739,001</u> | <u>5,739,001</u> | <u>5,739,001</u> | <u>0</u> |
| <i>Prior Year Encumbrances Appropriated</i> | <u>276,823</u> | <u>276,823</u> | <u>276,823</u> | <u>0</u> |
| <i>Fund Balance at End of Year</i> | <u><u>\$8,065,479</u></u> | <u><u>\$6,079,666</u></u> | <u><u>\$7,281,211</u></u> | <u><u>\$1,201,545</u></u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Statement of Fund Net Position - Cash Basis

Proprietary Funds

June 30, 2023

| | | Governmental Activities |
|--|-----------------|----------------------------|
| | Enterprise Fund | Internal Service |
| <u>Assets:</u> | | |
| <i>Current Assets:</i> | | |
| Equity in Pooled Cash and Cash Equivalents | \$9,680 | \$147,801 |
| Cash and Cash Equivalents with Fiscal Agents | 0 | 826,351 |
| <i>Total Assets</i> | 9,680 | 974,152 |
| <u>Net Position:</u> | | |
| Unrestricted | 9,680 | 974,152 |
| <i>Total Net Position</i> | \$9,680 | \$974,152 |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts,
Cash Disbursements and Changes in Cash Basis Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023*

| | | Governmental Activities |
|---|-----------------------|----------------------------|
| | Enterprise Fund | Internal Service |
| <u>Operating Receipts:</u> | | |
| Sales | \$124,370 | \$0 |
| Charges for Services | 0 | 1,661,709 |
| Other Receipts | 3,487 | 0 |
| <i>Total Operating Receipts</i> | <u>127,857</u> | <u>1,661,709</u> |
| <u>Operating Disbursements:</u> | | |
| Salaries | 130,467 | 0 |
| Fringe Benefits | 115,792 | 0 |
| Purchased Services | 4,583 | 435,197 |
| Materials and Supplies | 149,074 | 0 |
| Claims | 0 | 1,086,823 |
| Other | 948 | 0 |
| <i>Total Operating Disbursements</i> | <u>400,864</u> | <u>1,522,020</u> |
| <i>Operating Income (Loss)</i> | <u>(273,007)</u> | <u>139,689</u> |
| <u>Nonoperating Receipts:</u> | | |
| Federal and State Subsidies | 231,526 | 0 |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>231,526</u> | <u>0</u> |
| <i>Income (Loss) before Transfers</i> | (41,481) | 139,689 |
| Transfers In | 1,099 | 0 |
| <i>Change in Net Position</i> | (40,382) | 139,689 |
| <i>Net Position Beginning of Year</i> | <u>50,062</u> | <u>834,463</u> |
| <i>Net Position at End of Year</i> | <u><u>\$9,680</u></u> | <u><u>\$974,152</u></u> |

See accompanying notes to the basic financial statements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Walnut Township Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 22 classified and 42 teaching personnel and 5 administrative employees providing education to approximately 483 students.

Reporting Entity

The financial reporting entity consists of the stand-alone government, component units, and other governmental organizations that are included to ensure the financial statements of the District are not misleading or incomplete. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, student guidance, extra-curricular activities, educational media, care and upkeep of grounds and buildings, student transportation and food service.

Component units are legally separate organizations for which the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approved the budget, the issuance of debt, or the levying of taxes. No separate governmental units meet the criteria for inclusion as a component unit.

The District participates in three jointly governed organizations and one insurance purchasing pool. These organizations are the Metropolitan Educational Technology Association (META), State Support Team, Region 11 (SSTR11), South Central Ohio Insurance Consortium (SCOIC) and Ohio SchoolComp. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administrative Code Section 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District's accounting policies are described below.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

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

A. Basis of Presentation

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial cash position of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities and business-type activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental and enterprise 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.

B. Fund Accounting

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current cash balances

The following is the District's major governmental fund:

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

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

Proprietary Funds

The proprietary fund focus is on the determination of the change in net position and financial position. The District's proprietary funds are classified as either enterprise or internal service fund. Enterprise funds may be used to account for any activities for which a fee is charged to external users for goods or services. The only enterprise fund of the District accounts for transactions related to the food service operations. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical and prescription drugs benefits to employees.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared measuring receipts and disbursements when cash is received or paid.

Fund Financial Statements

Only cash is included on the Balance Sheet. The Statement of Receipts, Disbursements and Changes in Fund Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds and proprietary fund financial statements are prepared using the cash basis of accounting.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized by the Board to allocate appropriations to the function and object level within the fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2023 (See Note 4).

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during fiscal year 2023.

F. Inventory

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

G. Cash and Cash Equivalents

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

The District credits interest to the General Fund. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$305,234, which includes \$43,116 assigned from other District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. As of June 30, 2023, the District reported restricted assets in the General Fund which represent cash and cash equivalents set aside for capital improvements.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

I. Capital Assets

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

J. Interfund Transactions

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

K. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

L. Long-Term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

M. Pensions/ Post Employment Benefits

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

N. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District first applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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

O. Fund Balance

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When disbursements are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When disbursements are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

P. Operating Receipts and Disbursements

Operating receipts are those receipts that are generated directly from the primary activity of the proprietary funds. For the District, these receipts are charges for services for the food service operations and for the self-insurance program. Operating disbursements are necessary costs incurred to provide the good or service that are the primary activity of that fund. Receipts and disbursements not meeting these definitions are reported as nonoperating.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 3 - NEW GASB PRONOUNCEMENTS

For the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*”. The implementation of GASB Statement No. 100 had no effect on the prior period fund balances of the District.

Compliance

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

Deficit Fund Balance

At June 30, 2023, ESSER, Special Education, Improving Teacher Quality Fund and Miscellaneous Federal Grant Fund, non-major special revenue funds, reported a deficit fund balance of \$324,689, \$17,025, \$4,435, and \$13,066. The grants funding is provided on a reimbursement basis and as such the District recorded the disbursements during the fiscal year but did not receive reimbursement until after the end of the fiscal year.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) presented for the General Fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the general fund on the cash basis but not on the budgetary basis.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The following table summarizes the adjustments necessary to reconcile the cash and budgetary basis statements for the General Fund for the year ended June 30, 2023:

| | <u>General</u> |
|--|---------------------------|
| Cash Basis | \$1,641,017 |
| Encumbrances | (357,753) |
| <i>Prospective Difference:</i> | |
| Activity of Funds Reclassified for Reporting Purposes | <u>(17,877)</u> |
| Budget Basis | <u><u>\$1,265,387</u></u> |

As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash reporting basis.

NOTE 5 - DEPOSITS

State law requires the classification of monies held by the District into three categories:

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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.

Public depositories must give security for all public funds on deposit. Protection of the District’s deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 5 -DEPOSITS - (Continued)

State Statute permits interim monies to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or any other obligations or 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, Government National Mortgage Association, and Student Loan Marketing 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 two percent and be marked to fair value daily, and that the term of agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes, for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

The following information classifies depository categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Cash on Hand: At year-end, the District had \$25 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents".

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022*

NOTE 5 -DEPOSITS - (Continued)

Deposits: At June 30, 2023, the carrying amounts of all the District deposits were \$4,653,043. Based on the criteria described in GASB Statement No. 40, "Deposits and Investments Risk Disclosures", as of June 30, 2023, \$3,473,894 of the District's bank balance of \$3,891,172 was exposed to custodial risk as discussed below, while \$417,278 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

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

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

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

At June 30, 2023, the District's deposits were covered by pledged securities by Commodore Bank. Deposits held at North Valley Bank were fully covered by FDIC insurance.

| Measurement/Investment Type | Measurement Value | Less Than One Year | % of Portfolio |
|-----------------------------|----------------------|-----------------------|-------------------|
| <i>Amortized Costs:</i> | | | |
| STAROhio | \$4,127,205 | \$4,127,205 | 100% |
| Total | \$4,127,205 | \$4,127,205 | 100% |

The District categorizes its fair value measurements within the fair value hierarchy established by cash basis accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The District only has STAR Ohio as an investment which is valued at its net asset value per share.

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 District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District has no investment policy that limits its credit risk other than the limitations of state laws mentioned previously.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 5 - DEPOSITS - (Continued)

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the District or not.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. The assessed values upon which the fiscal year 2023 taxes were collected are:

| | <u>2022 Second Half Collections</u> | | <u>2023 First Half Collections</u> | |
|---|---|----------------|--|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$168,243,530 | 86.40% | \$224,300,670 | 87.72% |
| Public Utility Personal | <u>30,431,880</u> | <u>13.60%</u> | <u>31,400,340</u> | <u>12.28%</u> |
| Total Assessed Value | <u>\$198,675,410</u> | <u>100.00%</u> | <u>\$255,701,010</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$37.50 | | \$33.10 | |

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 7 - INCOME TAX

The District levies a voted tax of 1.75 percent for general operations on the earned income of residents. The tax became effective on January 1, 2014, and continues for ten years. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts of \$2,169,938 are credited to the General Fund for fiscal year 2023.

NOTE 8 - RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District contracted with Tom Jones Insurance Agency, Inc. for property and fleet insurance and Ohio School Plan for liability insurance. Coverage's provided are as follows:

| Description | Amount |
|---|---------------|
| Building and Contents - replacement cost (\$2,500 deductible) | \$ 29,005,580 |
| Automobile Liability | 1,000,000 |
| Uninsured Motorists | 1,000,000 |
| <i>General Liability:</i> | |
| Per Occurrence | 3,000,000 |
| Total Per Year | 5,000,000 |
| <i>Public Officials Bonds:</i> | |
| Treasurer | 50,000 |
| Superintendent | 25,000 |
| Board President | 25,000 |
| Public Employee Dishonesty | 15,000 |

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

Workers' Compensation

For fiscal year 2023, the District participated in the Ohio SchoolComp, a comprehensive Workers Compensation (WC) insurance purchasing pool program of OSBA and OASBO, (Note 17). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. The workers compensation experience of the participating school district is calculated as one experience and a common premium rate is applied to all school districts in the Pool. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Program. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. CompManagement LLC provides administrative, cost control and actuarial services to the Program.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 8 - RISK MANAGEMENT - (Continued)

Health Insurance Benefits

The District provides health and vision insurance program for its employees. The District has been self-funded through a program administered by the South Central Ohio Insurance Consortium (SCOIC) since July 1, 2015. Premiums are paid directly to SCOIC out of the District's self-insurance internal service fund. The SCOIC was established to carry out a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code, in an effort to minimize risk exposure and control claims and premium costs. The Board's share and the employees' share of premium contributions are determined by the negotiated agreement for certificated employees and by Board action for administrators and classified employees.

Stop loss limits are established by each district participating within the program. For fiscal year 2023, the District had an individual stop loss limit of \$50,000 per person with a \$3 million maximum lifetime limit per person. With this coverage, the District contributions to the program cover the first \$50,000 in claims per individual and anything in excess of the \$50,000 predetermined limit per person is covered by commercial stop loss coverage obtained through commercial carriers. Effective July 1, 2016 claims up to \$200,000 in excess of the individual, predetermined limit established by each district will be covered by the SCOIC internal pool. Amounts in excess of that amount will be covered by commercial carriers.

EBMC services all claims submitted by employees. The charges for services receipts reported in the internal service fund within these financial statements reflect the premiums paid by the same fund as those that are responsible for the employees' salaries. Disbursements reported within the internal service fund represent cash disbursements reported by SCOIC to operate the District's self-insurance program including claims, claims reserves and administrative costs.

At June 30, 2023, the District had an estimated \$24,794 of claims liability, based on an estimate provided by SCOIC, related to incurred but not reported (IBNR) claims at year end. The change in claims activity for the past year is presented below.

| <u>Fiscal Year</u> | <u>Balance at Beginning of Year</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Balance at End of Year</u> |
|--------------------|---|--------------------------------|----------------------------|-----------------------------------|
| 2021 | \$44,644 | \$1,056,112 | \$1,046,326 | \$54,430 |
| 2022 | 54,430 | 1,086,823 | 1,116,459 | 24,794 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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 net pension liability represents the 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 District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 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 Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2021.

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

The District's contractually required contribution to SERS was \$150,408 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

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. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

The District's contractually required contribution to STRS was \$417,568 for fiscal year 2023.

Net Pension Liability

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

| | SERS | STRS | Total |
|--|---------------------|---------------------|-------------|
| <i>Proportion of the Net Pension Liability:</i> | | | |
| Current Measurement Date | 0.02579490% | 0.02322006% | |
| Prior Measurement Date | 0.02657770% | 0.02439522% | |
| Change in Proportionate Share | <u>-0.00078280%</u> | <u>-0.00117516%</u> | |
| Proportionate Share of the Net Pension Liability | \$1,395,189 | \$5,161,849 | \$6,557,038 |
| Pension Expense (Gain) | 35,625 | 633,307 | 668,932 |

Actuarial Assumptions - SERS

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

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

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

| | June 30, 2022 | June 30, 2021 |
|--|---|---|
| Inflation | 2.4 percent | 2.4 percent |
| Future Salary Increases, including inflation | 3.25 percent to 13.58 percent | 3.25 percent to 13.58 percent |
| COLA or Ad Hoc COLA | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |
| Investment Rate of Return | 7.00 percent net of System expenses | 7.00 percent net of system expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | Entry Age Normal (Level Percent of Payroll) |

Mortality rates for 2022 and 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 assets class are summarized in the following table:

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

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|----------------------------------|--------------------|
| District's Proportionate Share of the Net Pension Liability | \$2,053,651 | \$1,395,189 | \$840,443 |

Changes Between the Measurement Date and the Reporting Date Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

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

| | June 30, 2022 | June 30, 2021 |
|-----------------------------------|--|--|
| Inflation | 2.50 percent | 2.50 percent |
| Projected salary increases | 8.50 percent at age 20 to 2.50 percent at age 65 | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.00 percent, net of investment expenses, including inflation |
| Discount Rate of Return | 7.00 percent | 7.00 percent |
| Payroll Increases | 3.00 percent | 3.00 percent |
| Cost-of-Living Adjustments (COLA) | 0.0 percent | 0.0 percent, |

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

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

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

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

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

- The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

| | <u>1% Decrease</u> | <u>Current Discount Rate</u> | <u>1% Increase</u> |
|--|--------------------|----------------------------------|--------------------|
| District's Proportionate Share of the Net Pension Liability | \$7,797,674 | \$5,161,849 | \$2,932,756 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Changes Between the Measurement Date and the Reporting Date – Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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 net OPEB liability represents the 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 calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 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. Resulting adjustments to the net OPEB liability 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 net OPEB liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$16,630.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$16,630 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Net OPEB Liability

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

| | SERS | STRS | Total |
|---|---------------------|---------------------|-------------|
| Proportion of the Net OPEB Liability: | | | |
| Current Measurement Date | 0.02578440% | 0.02322006% | |
| Prior Measurement Date | 0.02669910% | 0.02439522% | |
| Change in Proportionate Share | <u>-0.00091470%</u> | <u>-0.00117516%</u> | |
| Proportionate Share of the Net OPEB Liability | \$362,016 | \$0 | \$362,016 |
| Proportionate Share of the Net OPEB (Asset) | \$0 | (\$601,245) | (\$601,245) |
| OPEB Expense (Gain) | (\$19,209) | (\$96,876) | (\$116,085) |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

Actuarial Assumptions - SERS

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

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

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

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

| | June 30, 2022 | June 30, 2021 |
|--|---|---|
| Inflation | 2.40 percent | 2.40 percent |
| Future Salary Increases, including inflation | | |
| Wage Increases | 3.25 percent to 13.58 percent | 3.25 percent to 13.58 percent |
| Investment Rate of Return | 7.00 percent net of investment expense, including inflation | 7.00 percent net of investment expense, including inflation |
| Municipal Bond Index Rate: | | |
| Measurement Date | 3.69 percent | 1.92 percent |
| Prior Measurement Date | 1.92 percent | 2.45 percent |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation | | |
| Measurement Date | 4.08 percent | 2.27 percent |
| Prior Measurement Date | 2.27 percent | 2.63 percent |
| Medical Trend Assumption | | |
| Medicare | 7.00 to 4.40 percent | 5.125 to 4.40 percent |
| Pre-Medicare | 7.00 to 4.40 percent | 6.75 to 4.40 percent |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

For 2022 and 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

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

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

| District's Proportionate Share of the Net OPEB Liability | Current | | |
|---|--------------------|----------------------|--------------------|
| | <u>1% Decrease</u> | <u>Discount Rate</u> | <u>1% Increase</u> |
| | \$449,629 | \$362,016 | \$291,288 |

| District's Proportionate Share of the Net OPEB Liability | Current | | |
|---|--------------------|-------------------|--------------------|
| | <u>1% Decrease</u> | <u>Trend Rate</u> | <u>1% Increase</u> |
| | \$279,179 | \$362,016 | \$470,214 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Actuarial Assumptions - STRS

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

| | June 30, 2022 | June 30, 2021 |
|----------------------------|--|--|
| Projected salary increases | 8.50 percent at age 20 to 2.50 percent at age 65 | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.00 percent, net of investment expenses, including inflation | 7.00 percent, net of investment expenses, including inflation |
| Payroll Increases | 3 percent | 3 percent |
| Discount Rate of Return | 7.00 percent | 7.45 percent |
| Health Care Cost Trends | | |
| Medical | | |
| Pre-Medicare | 7.50 percent initial, 3.94 percent ultimate | 5.00 percent initial, 4 percent ultimate |
| Medicare | -68.78 percent initial, 3.94 percent ultimate | -16.18 percent initial, 4 percent ultimate |
| Prescription Drug | | |
| Pre-Medicare | 9.00 percent initial, 3.94 percent ultimate | 6.50 percent initial, 4 percent ultimate |
| Medicare | -5.47 initial, 3.94 percent ultimate | 29.98 initial, 4 percent ultimate |

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

For healthy retirees 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2022; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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

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

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

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. 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 not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB liability/asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|---|--------------------|----------------------|--------------------|
| | | <u>Discount Rate</u> | |
| District's Proportionate Share of the Net OPEB Asset | \$555,835 | \$601,245 | \$640,142 |

| | <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|---|--------------------|-------------------|--------------------|
| | | <u>Trend Rate</u> | |
| District's Proportionate Share of the Net OPEB Asset | \$623,637 | \$601,245 | \$572,980 |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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

Benefit Term Changes Since the Prior Measurement Date – Salary increase rates were undated 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.

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees, and administrators who are contracted to work 260 days per year, earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 260 days for the Superintendent, 220 days for the Treasurer, 220 days for teachers, and 220 days for classified employees. Upon retirement, all employees receive one-fourth of the total sick leave accumulation.

Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Mutual of Ohio. Premiums are paid from the same funds that pay employees' salaries. Beginning July 1, 2015 the District began to provide health, drug, and vision insurance through a self-insured program with the South Central Ohio Insurance Consortium. See Note 8 for more information.

NOTE 12 - INTERFUND ACTIVITY

During fiscal year 2023, interfund transfers were as follows:

| | <u>Transfer In</u> | <u>Transfer Out</u> |
|--------------------------|--------------------|---------------------|
| General | \$0 | \$300,407 |
| Other Governmental Funds | 299,308 | 0 |
| Enterprise Fund | 1,099 | 0 |
| Total | <u>\$300,407</u> | <u>\$300,407</u> |

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

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 13 - STATUTORY SET ASIDES

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

The following cash basis changes occurred in the District's set-aside reserve account during fiscal year 2023:

| | <u>Capital Improvements</u> |
|--|---------------------------------|
| Set-Aside Balance June 30, 2022 | \$110,522 |
| Current Year Set Aside Requirement | 106,814 |
| Current Year Qualifying Disbursements | <u>(121,342)</u> |
| Total | <u>95,994</u> |
| Set-Aside Balance Carried Forward to Future Fiscal Years | <u>\$95,994</u> |
| Set-Aside Balance at June 30, 2023 | <u><u>\$95,994</u></u> |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 14 – FUND BALANCES

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

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|-----------------------------|--------------------|-----------------------------------|--------------------------------|
| <i>Nonspendable:</i> | | | |
| Unclaimed Monies | \$1,757 | \$0 | \$1,757 |
| <i>Total Nonspendable</i> | <u>1,757</u> | <u>0</u> | <u>1,757</u> |
| <i>Restricted:</i> | | | |
| Set Asides | 95,994 | 0 | 95,994 |
| Scholarships/Trusts | 0 | 53,044 | 53,044 |
| Student Activities | 0 | 41,529 | 41,529 |
| Athletics | 0 | 104,024 | 104,024 |
| Local Grants | 0 | 752 | 752 |
| State Grants | 0 | 2,763 | 2,763 |
| <i>Total Restricted</i> | <u>95,994</u> | <u>202,112</u> | <u>298,106</u> |
| <i>Committed:</i> | | | |
| District Agency | 30,000 | 0 | 30,000 |
| <i>Total Committed</i> | <u>30,000</u> | <u>0</u> | <u>30,000</u> |
| <i>Assigned:</i> | | | |
| Uniform School Supplies | 81,806 | 0 | 81,806 |
| Public School Support | 21,216 | 0 | 21,216 |
| Student Instruction | 30,920 | 0 | 30,920 |
| Student and Staff Support | 312,954 | 0 | 312,954 |
| Extracurricular Activities | 13,879 | 0 | 13,879 |
| Permanent Improvement | 0 | 179,773 | 179,773 |
| <i>Total Assigned</i> | <u>460,775</u> | <u>179,773</u> | <u>640,548</u> |
| <i>Unassigned (Deficit)</i> | <u>7,185,220</u> | <u>(359,215)</u> | <u>6,826,005</u> |
| <i>Total Fund Balance</i> | <u>\$7,773,746</u> | <u>\$22,670</u> | <u>\$7,796,416</u> |

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2023

NOTE 15 – ENCUMBRANCE COMMITMENTS

At June 30, 2023, the District had encumbrance commitments in the Governmental Funds as follows:

| | |
|------------------------------|-------------------------|
| <u>Major Funds:</u> | |
| General | \$380,069 |
| <u>Nonmajor Funds:</u> | |
| Permanent Improvement | 65,568 |
| Lunchroom | 9,680 |
| Student Managed Activities | 4,773 |
| Athletics and Bands | 16,827 |
| Self Insurance Fund | 147,801 |
| Miscellaneous Federal Grants | 14,563 |
| <i>Total Nonmajor Funds</i> | <u>193,644</u> |
| Total Encumbrances | <u><u>\$639,281</u></u> |

NOTE 16- JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions. META Solutions develops implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2023, the District paid META Solutions \$23,373 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

State Support Team Region 11

State Support Team Region 11 (SSTR11) is a not-for-profit Council of Governments of various school districts in Central Ohio. The District participates in services that assist the District in complying with mandates for educating children with disabilities. There is no financial commitment made by the District. SSTR11 is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for SSTR11.

South Central Ohio Insurance Consortium (SCOIC)

South Central Ohio Insurance Consortium is a regional council of governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or financial responsibility for the SCOIC other than claims paid on behalf of the District for District employees.

WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

NOTE 17- INSURANCE PURCHASING POOL

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

NOTE 18 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and state 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 General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

B. School Foundation

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

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2021 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2023, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

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

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal AL Number | Total Federal Expenditures |
|--|----------------------------------|---------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | |
| <i>Passed through the Ohio Department of Education</i> | | |
| <i>Child Nutrition Cluster:</i> | | |
| School Breakfast Program | 10.553 | \$ 58,490 |
| National School Lunch Program | 10.555 | 193,827 |
| Total Child Nutrition Cluster | | <u>252,317</u> |
| State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant | 10.649 | <u>628</u> |
| Total U.S. Department of Agriculture | | <u>252,945</u> |
| U.S. DEPARTMENT OF EDUCATION | | |
| <i>Passed through the Ohio Department of Education</i> | | |
| <i>Special Education Cluster:</i> | | |
| Special Education - Grants to States | 84.027 | 120,666 |
| Special Education - Preschool Grants | 84.173 | 1,358 |
| Total Special Education Cluster | | <u>122,024</u> |
| Title I Grants to Local Educational Agencies | 84.010 | 87,236 |
| Rural Education | 84.358 | 25,916 |
| Supporting Effective Instruction State Grants | 84.367 | 24,564 |
| Student Support and Academic Enrichment Program | 84.424 | 10,293 |
| <i>Education Stabilization Fund:</i> | | |
| ARP Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 395,017 |
| Total Education Stabilization Fund | | <u>395,017</u> |
| Total United States Department of Education | | <u>665,050</u> |
| Total Expenditures of Federal Awards | | <u><u>\$ 917,995</u></u> |

The accompanying notes are an integral part of this schedule.

**Walnut Township Local School District
Fairfield County**

Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

Walnut Township Local School District
Fairfield County
11850 Lancaster Street
Millersport, Ohio 43046

Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Walnut Township Local School District, Fairfield County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 28, 2025, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

District's Response to Findings

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

Purpose of this Report

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.
Portsmouth, Ohio
March 28, 2025



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

Walnut Township Local School District
Fairfield County
11850 Lancaster Street
Millersport, Ohio 43046

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted to the right.

BHM CPA Group, Inc.
Portsmouth, Ohio
March 28, 2025

**Walnut Township Local School District
Fairfield County**

Schedule of Findings
2 CFR § 200.515
June 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

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

**Walnut Township Local School District
Fairfield County**

Schedule of Findings
2 CFR § 200.515
June 30, 2023

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

FINDING NUMBER 2023-001

Material Noncompliance Citation

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

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

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

Pursuant to **Ohio Rev. Code § 117.38** the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Official's Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

**Walnut Township Local School District
Fairfield County
Summary Schedule of Prior Audit Findings
June 30, 2023**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|---------------------------|--|-----------------------------|--|
| 2022-001 | Material Non-Compliance: OAC 117-2-03(B) – failed to prepare financial statement using generally accepted accounting principles | No | Not Corrected. Reissued as finding 2023-001 |

**Walnut Township Local School District
Fairfield County, Ohio**

Corrective Action Plan
2 CFR § 200.511(c)
June 30, 2023

Corrective Action Plan for Finding 2023-001:

Finding Control Number: 2023-001

Summary of Finding: The Ohio Administrative Code requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of GASB Statement No. 34.

Corrective Action: The District is aware of the financial reporting requirements per ORC. The District's management does not believe the preparing and filing of GAAP would benefit the District enough to offset the cost incurred by preparing and auditing those statements.

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

Jill Bradford
Walnut Township Local School District Treasurer/CFO
Phone: (740) 467-2802
Email: jbradford@walnuttsd.org

OHIO AUDITOR OF STATE KEITH FABER



WALNUT TOWNSHIP LOCAL SCHOOL DISTRICT

FAIRFIELD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/17/2025

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

This report is a matter of public record and is available online at
www.ohioauditor.gov