



OHIO AUDITOR OF STATE
KEITH FABER



**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY
JUNE 30, 2024**

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Triad Local School District
Champaign County
7920 Brush Lake Road
North Lewisburg, Ohio 43060

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Triad Local School District, Champaign County, Ohio (the District), as of and for the fiscal 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 financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Triad Local School District, Champaign County, Ohio as of fiscal year end June 30, 2024, and the respective changes in financial position for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 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.



Keith Faber
Auditor of State
Columbus, Ohio

February 6, 2025

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**

The management's discussion and analysis of the Triad Local School District's (the "District") financial performance provides an overall review 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 the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position of governmental activities increased \$2,117,344 which represents a 21.30% increase from the 2023 net position.
- General revenues accounted for \$13,209,703 or 84.56% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,412,431 or 15.44% of total revenues of \$15,622,134.
- The District had \$13,504,790 in expenses related to governmental activities; \$2,412,431 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$13,209,703 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$13,996,952 in revenues and other financing sources and \$12,086,019 in expenditures and other financing uses. During fiscal year 2024, the general fund's fund balance increased \$1,910,933 from a balance of \$6,894,047 to \$8,804,980.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements 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.

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 and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as major fund.

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, revenues, deferred inflows and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, administration, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic 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.

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's general fund budgetary data, proportionate share of the net pension liability and net OPEB liability/asset of the retirement systems and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)
(Continued)

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2024 and June 30, 2023.

	Net Position	
	Governmental Activities 2024	Governmental Activities 2023
<u>Assets</u>		
Current and other assets	\$ 15,743,523	\$ 14,490,828
Capital assets, net	<u>16,347,915</u>	<u>16,290,377</u>
Total assets	<u>32,091,438</u>	<u>30,781,205</u>
<u>Deferred outflows</u>		
Unamortized deferred charges on debt refunding	23,311	26,419
Pension	<u>2,130,938</u>	<u>2,343,483</u>
OPEB	<u>383,812</u>	<u>244,915</u>
Total deferred outflows	<u>2,538,061</u>	<u>2,614,817</u>
<u>Liabilities</u>		
Current liabilities	1,267,317	1,155,246
Long-term liabilities:		
Due within one year	326,735	330,976
Due in more than one year		
Net pension liability	9,505,426	9,635,923
Net OPEB liability	<u>631,670</u>	<u>569,735</u>
Other amounts	<u>5,423,276</u>	<u>5,542,582</u>
Total liabilities	<u>17,154,424</u>	<u>17,234,462</u>
<u>Deferred inflows</u>		
Property taxes levied for the next fiscal year	3,502,057	3,782,957
Pension	<u>715,216</u>	<u>970,878</u>
OPEB	<u>1,199,778</u>	<u>1,467,045</u>
Total deferred inflows	<u>5,417,051</u>	<u>6,220,880</u>
<u>Net Position</u>		
Net investment in capital assets	11,227,384	11,042,993
Restricted	<u>1,919,393</u>	<u>1,643,431</u>
Unrestricted (deficit)	<u>(1,088,753)</u>	<u>(2,745,744)</u>
Total net position	<u>\$ 12,058,024</u>	<u>\$ 9,940,680</u>

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

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

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

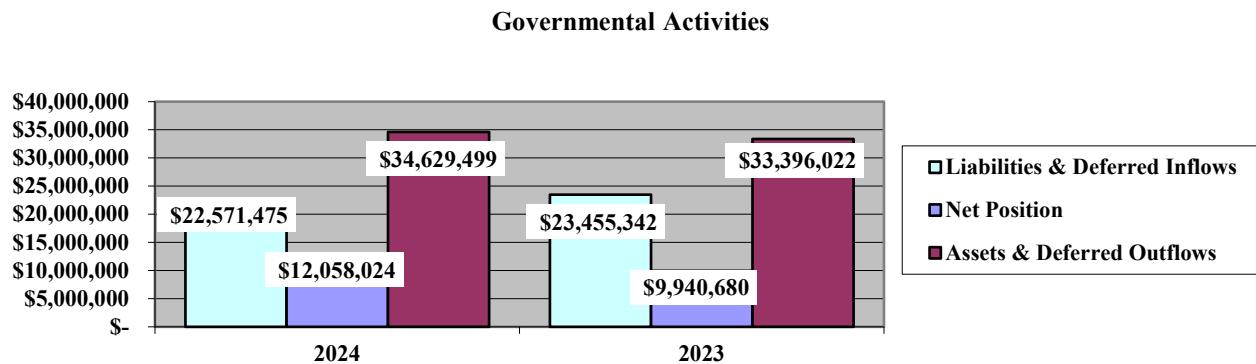
In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$12,058,024.

At fiscal year-end, capital assets represented 50.94% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use assets. Net investment in capital assets at June 30, 2024, was \$11,227,384. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$1,919,393, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$1,088,753.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2024 and June 30, 2023.



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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)
(Continued)

The table below shows the change in net position for fiscal year 2024 and 2023.

	Change in Net Position	
	Governmental Activities 2024	Governmental Activities 2023
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 547,616	\$ 565,271
Operating grants and contributions	1,816,060	2,489,953
Capital grants and contributions	48,755	161,836
General revenues:		
Property taxes	3,471,742	3,174,770
School district income tax	3,219,905	2,949,855
Grants and entitlements	6,015,181	5,328,304
Investment earnings	462,467	239,066
Miscellaneous	40,408	173,811
Total revenues	<u>15,622,134</u>	<u>15,082,866</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	4,051,946	4,180,714
Special	1,982,840	1,912,131
Other	12,700	3,499
Support services:		
Pupil	1,110,171	823,682
Instructional staff	296,102	284,213
Administration	1,279,526	1,288,193
Fiscal	521,461	495,064
Business	18,548	7,735
Operations and maintenance	1,601,236	1,634,369
Pupil transportation	702,622	682,783
Central	299,521	298,408
Operation of non-instructional services:		
Food service operations	582,909	498,116
Extracurricular activities	900,574	857,187
Interest and fiscal charges	<u>144,634</u>	<u>133,924</u>
Total expenses	<u>13,504,790</u>	<u>13,100,018</u>
Change in net position	2,117,344	1,982,848
Net position at beginning of year	<u>9,940,680</u>	<u>7,957,832</u>
Net position at end of year	<u>\$ 12,058,024</u>	<u>\$ 9,940,680</u>

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

Governmental Activities

Net position of the District's governmental activities increased \$2,117,344. Total governmental expenses of \$13,504,790 were offset by program revenues of \$2,412,431 and general revenues of \$13,209,703. Program revenues supported 17.86% of the total governmental expenses.

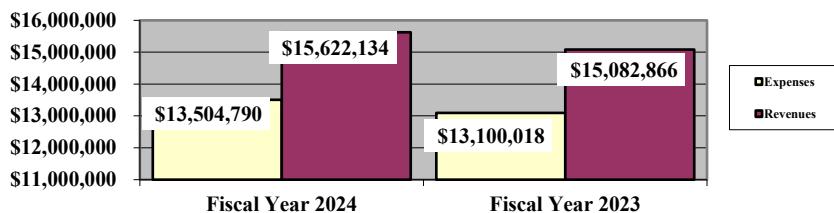
Expenses of the governmental activities increased \$404,772 or 3.09%. This increase is primarily due to an increase in personnel costs.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent \$12,706,828 or 81.34% of total governmental revenues. Total revenues increased \$539,268. The majority of this increase is due to property and income tax, which increased \$567,022 due to the triennial update where property values increased roughly 23%.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,047,486 or 44.78% of total governmental expenses for fiscal year 2024.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2024 and 2023.

Governmental Activities - Revenues and Expenses



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

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

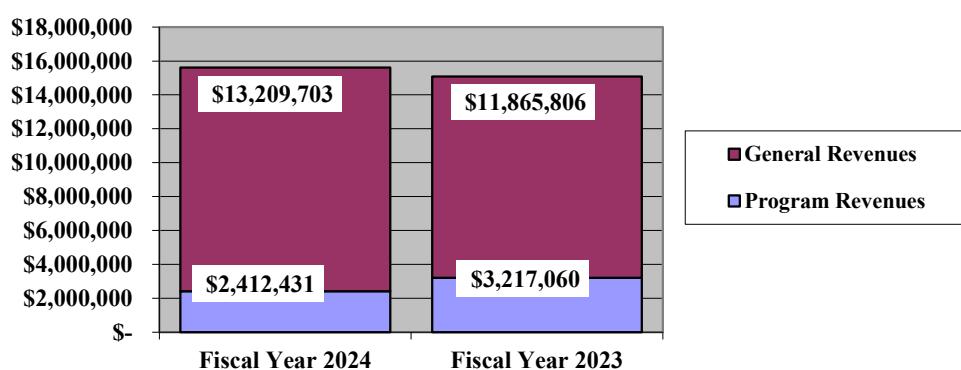
Governmental Activities

	<u>Total Cost of Services 2024</u>	<u>Net Cost of Services 2024</u>	<u>Total Cost of Services 2023</u>	<u>Net Cost of Services 2023</u>
Program expenses				
Instruction:				
Regular	\$ 4,051,946	\$ 3,762,584	\$ 4,180,714	\$ 3,625,581
Special	1,982,840	1,180,809	1,912,131	1,041,417
Other	12,700	12,700	3,499	3,499
Support services:				
Pupil	1,110,171	908,184	823,682	421,993
Instructional staff	296,102	289,634	284,213	271,825
Administration	1,279,526	1,264,752	1,288,193	1,202,818
Fiscal	521,461	521,461	495,064	495,064
Business	18,548	18,548	7,735	7,735
Operations and maintenance	1,601,236	1,501,614	1,634,369	1,459,551
Pupil transportation	702,622	651,419	682,783	446,627
Central	299,521	218,668	298,408	293,008
Operation of non-instructional services:				
Food service operations	582,909	15,334	498,116	(69,666)
Extracurricular activities	900,574	602,018	857,187	549,582
Interest and fiscal charges	<u>144,634</u>	<u>144,634</u>	<u>133,924</u>	<u>133,924</u>
Total expenses	<u>\$ 13,504,790</u>	<u>\$ 11,092,359</u>	<u>\$ 13,100,018</u>	<u>\$ 9,882,958</u>

The dependence upon tax and other general revenues for governmental activities is apparent, as 81.95% of instructional activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.14%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the most significant sources of support for District's students.

The graph below presents the District's governmental activities revenues for fiscal year 2024 and 2023.

Governmental Activities - General and Program Revenues



**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)
(Continued)

The District's Funds

The District's governmental funds reported a combined fund balance of \$10,007,991, which is higher than last year's total of \$8,066,376. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	<u>Fund Balance June 30, 2024</u>	<u>Fund Balance June 30, 2023</u>	<u>Increase</u>	<u>Percentage Change</u>
General	\$ 8,804,980	\$ 6,894,047	\$ 1,910,933	27.72 %
Nonmajor Governmental	<u>1,203,011</u>	<u>1,172,329</u>	<u>30,682</u>	2.62 %
Total	<u>\$ 10,007,991</u>	<u>\$ 8,066,376</u>	<u>\$ 1,941,615</u>	24.07 %

General Fund

The District's general fund balance increased \$1,910,933. Revenues exceeded expenditures during fiscal year 2024 by \$1,971,903. The general fund transferred \$213,336 into nonmajor governmental funds.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 6,384,624	\$ 5,839,489	\$ 545,135	9.34 %
Tuition and fees	121,449	116,965	4,484	3.83 %
Investment earnings	462,467	239,066	223,401	93.45 %
Intergovernmental	6,802,900	6,018,264	784,636	13.04 %
Other revenues	<u>73,146</u>	<u>186,052</u>	<u>(112,906)</u>	(60.69) %
Total	<u>\$ 13,844,586</u>	<u>\$ 12,399,836</u>	<u>\$ 1,444,750</u>	11.65 %
<u>Expenditures</u>				
Instruction	\$ 5,486,457	\$ 5,258,528	\$ 227,929	4.33 %
Support services	5,686,894	4,893,857	793,037	16.20 %
Extracurricular activities	480,778	381,332	99,446	26.08 %
Capital outlay	169,478	8,208	161,270	1,964.79 %
Debt service	<u>49,076</u>	<u>54,743</u>	<u>(5,667)</u>	(10.35) %
Total	<u>\$ 11,872,683</u>	<u>\$ 10,596,668</u>	<u>\$ 1,276,015</u>	12.04 %

Revenues of the general fund increased \$1,444,750 or 11.65%. The most significant monetary increase was in intergovernmental revenue. This increase is primarily due to a change in the state funding formula.

Expenditures of the general fund increased \$1,276,015 or 12.04%. Instruction and support service expenditures varied due to fluctuations in personnel costs.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

General Fund Budgeting Highlights

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

During the course of fiscal year 2024, the District amended its general fund budget numerous times. For the general fund, original and final budgeted revenues and other financing sources were equal and totaled \$11,351,554. Actual revenues and other financing sources for fiscal year 2024 were \$13,669,594. This represents a \$2,318,040 increase from final budgeted revenues.

General fund final appropriations (appropriated expenditures plus other financing uses) were \$13,567,103, which was higher than the original budgeted appropriations estimate of \$11,488,417. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$12,326,543, which was \$1,240,560 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the District had \$16,347,915 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, construction in progress and intangible right to use assets. This entire amount is reported in governmental activities. The following table shows fiscal year 2024 balances compared to 2023.

**Capital Assets at June 30
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 414,157	\$ 414,157
Construction in progress	123,001	-
Land improvements	1,591,905	1,718,901
Building and improvements	12,734,297	12,840,904
Furniture and equipment	494,516	457,742
Vehicles	715,297	663,012
Intangible right to use - equipment	135,254	30,142
Intangible right to use - software	<u>139,488</u>	<u>165,519</u>
Total	<u>\$ 16,347,915</u>	<u>\$ 16,290,377</u>

The overall increase in capital assets of \$57,538 is due to capital outlays of \$928,522 exceeding current year depreciation of \$870,984. See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2024 the District had bonds, energy conservation notes, note payable-finance purchase, and lease liability outstanding at the end of fiscal year 2024. Of the total long-term debt outstanding, \$317,820 is due within one year and \$4,819,064 is due in greater than one year.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(UNAUDITED)**
(Continued)

The following table summarizes the bonds, notes, and lease-purchase agreement outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2024	Governmental Activities 2023
Bonds	\$ 3,770,000	\$ 3,875,000
Energy conservation notes	110,000	165,000
Note payable - finance purchase	1,120,000	1,245,000
Lease payable	<u>136,884</u>	<u>31,532</u>
Total	<u><u>\$ 5,136,884</u></u>	<u><u>\$ 5,316,532</u></u>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District continues to manage its general fund budget prudently in order to optimize the dollars available for educating the students it serves, and to minimize the amounts needed from the District's citizens locally. The District, like most other school districts, is facing very difficult challenges in the area of budget management. Due to the ongoing uncertainty in State funding, the District is approaching anticipated future revenue very conservatively. The District relies heavily upon real estate taxes, income taxes (1% continuing and 1/2% for a five-year term ending 2025) and State aid to support its budget. These three areas of revenue accounted for approximately 95% of the general fund revenue in fiscal year 2024 with State aid providing the largest percentage of the three at around 49%.

In an effort to reduce costs in future years the District continues to look at innovative ways of lowering expenses where possible without drastically affecting student programs. All expenses are reviewed throughout the year with the entire administrative team for possible changes and reductions. When any District staff member leaves, the current administration looks at all possible alternatives before hiring a replacement.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Nathan Hilborn, Treasurer, Triad Local School District, 7920 Brush Lake Rd, North Lewisburg, Ohio 43060.

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,278,628
Receivables:	
Property taxes	3,850,555
Income taxes	1,467,474
Accounts	5,248
Intergovernmental	391,249
Prepayments	71,905
Inventory held for resale	4,857
Net OPEB asset	673,607
Capital assets:	
Nondepreciable/amortizable capital assets	537,158
Depreciable/amortizable capital assets, net	<u>15,810,757</u>
Capital assets, net	<u>16,347,915</u>
Total assets	<u>32,091,438</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	23,311
Pension	2,130,938
OPEB	383,812
Total deferred outflows of resources	<u>2,538,061</u>
Liabilities:	
Accounts payable	39,072
Contracts payable	92,553
Accrued wages and benefits payable	888,409
Intergovernmental payable	25,665
Pension and postemployment benefits payable	213,401
Accrued interest payable	8,217
Long-term liabilities:	
Due within one year	326,735
Due in more than one year:	
Net pension liability	9,505,426
Net OPEB liability	631,670
Other amounts due in more than one year	<u>5,423,276</u>
Total liabilities	<u>17,154,424</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	3,502,057
Pension	715,216
OPEB	1,199,778
Total deferred inflows of resources	<u>5,417,051</u>
Net position:	
Net investment in capital assets	11,227,384
Restricted for:	
OPEB	673,607
Classroom facilities maintenance	362,874
Debt service	198,926
State funded programs	208,789
Federally funded programs	780
Food service operations	325,575
Extracurricular	146,386
Other purposes	2,456
Unrestricted (deficit)	<u>(1,088,753)</u>
Total net position	<u>\$ 12,058,024</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN, OHIO**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position	
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:						
Instruction:						
Regular	\$ 4,051,946	\$ 109,154	\$ 180,208	\$ -	\$ (3,762,584)	
Special	1,982,840	42,955	759,076	-	(1,180,809)	
Other	12,700	-	-	-	(12,700)	
Support services:						
Pupil	1,110,171	-	201,987	-	(908,184)	
Instructional staff	296,102	-	6,468	-	(289,634)	
Administration	1,279,526	-	14,774	-	(1,264,752)	
Fiscal	521,461	-	-	-	(521,461)	
Business	18,548	-	-	-	(18,548)	
Operations and maintenance	1,601,236	3,155	96,467	-	(1,501,614)	
Pupil transportation	702,622	-	51,203	-	(651,419)	
Central	299,521	-	80,853	-	(218,668)	
Operation of non-instructional services:						
Food service operations	582,909	169,500	398,075	-	(15,334)	
Extracurricular activities	900,574	222,852	26,949	48,755	(602,018)	
Interest and fiscal charges	144,634	-	-	-	(144,634)	
Totals	\$ 13,504,790	\$ 547,616	\$ 1,816,060	\$ 48,755	(11,092,359)	
General revenues:						
Property taxes levied for:						
General purposes					3,164,231	
Debt service					270,980	
Capital outlay					36,524	
Classroom facilities maintenance					7	
Income taxes levied for:						
General purposes					3,219,905	
Grants and entitlements not restricted to specific programs					6,015,181	
Investment earnings					462,467	
Miscellaneous					40,408	
Total general revenues					13,209,703	
Change in net position					2,117,344	
Net position at beginning of year					9,940,680	
Net position at end of year					\$ 12,058,024	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN, OHIO**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 7,884,366	\$ 1,394,262	\$ 9,278,628
Receivables:			
Property taxes	3,517,901	332,654	3,850,555
Income taxes	1,467,474	-	1,467,474
Accounts	-	5,248	5,248
Interfund loans	166,727	-	166,727
Intergovernmental	1,979	389,270	391,249
Prepayments	71,608	297	71,905
Inventory held for resale	-	4,857	4,857
Due from other funds	389,549	-	389,549
Total assets	<u>\$ 13,499,604</u>	<u>\$ 2,126,588</u>	<u>\$ 15,626,192</u>
Liabilities:			
Accounts payable	\$ 38,838	\$ 234	\$ 39,072
Contracts payable	81,546	11,007	92,553
Accrued wages and benefits payable	861,163	27,246	888,409
Intergovernmental payable	25,324	341	25,665
Pension and postemployment benefits payable	196,911	16,490	213,401
Interfund loans payable	-	166,727	166,727
Due to other funds	-	389,549	389,549
Total liabilities	<u>1,203,782</u>	<u>611,594</u>	<u>1,815,376</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	3,199,380	302,677	3,502,057
Delinquent property tax revenue not available	87,757	8,283	96,040
Income tax revenue not available	203,705	-	203,705
Intergovernmental revenue not available	-	1,023	1,023
Total deferred inflows of resources	<u>3,490,842</u>	<u>311,983</u>	<u>3,802,825</u>
Fund balances:			
Nonspendable:			
Prepays	71,608	297	71,905
Restricted:			
Debt service	-	199,823	199,823
Classroom facilities maintenance	-	362,874	362,874
Food service operations	-	334,227	334,227
State funded programs	-	230,399	230,399
Federally funded programs	-	130	130
Extracurricular	-	146,386	146,386
Other purposes	-	2,456	2,456
Committed:			
Other purposes	11,000	-	11,000
Assigned:			
Student instruction	114,552	-	114,552
Student and staff support	82,447	-	82,447
Subsequent year's appropriations	53,535	-	53,535
Public school support	25,355	-	25,355
Other purposes	155	-	155
Unassigned (deficit)	<u>8,446,328</u>	<u>(73,581)</u>	<u>8,372,747</u>
Total fund balances	<u>8,804,980</u>	<u>1,203,011</u>	<u>10,007,991</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 13,499,604</u>	<u>\$ 2,126,588</u>	<u>\$ 15,626,192</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

Total governmental fund balances	\$ 10,007,991
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	16,347,915
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Property taxes receivable	\$ 96,040
Income taxes receivable	203,705
Intergovernmental receivable	<u>1,023</u>
Total	300,768
Unamortized premiums on bonds issued are not recognized in the funds.	(117,595)
Unamortized discounts on note issuances are not recognized in the funds.	637
Unamortized deferred gains/changes on refundings are not recognized in the funds.	23,311
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(8,217)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.	
Deferred outflows - pension	2,130,938
Deferred inflows - pension	(715,216)
Net pension liability	(9,505,426)
Deferred outflows - OPEB	383,812
Deferred inflows - OPEB	(1,199,778)
Net OPEB asset	673,607
Net OPEB liability	<u>(631,670)</u>
Total	(8,863,733)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation bonds	(3,770,000)
Note payable - finance purchase	(1,120,000)
Compensated absences	(496,169)
Lease payable	(136,884)
Energy conservation notes	<u>(110,000)</u>
Total	<u>(5,633,053)</u>
Net position of governmental activities	<u>\$ 12,058,024</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 3,162,727	\$ 306,466	\$ 3,469,193
Income taxes	3,221,897	-	3,221,897
Intergovernmental	6,802,900	1,332,515	8,135,415
Investment earnings	462,467	119	462,586
Tuition and fees	121,449	-	121,449
Extracurricular	29,583	167,220	196,803
Rental income	3,155	-	3,155
Charges for services	-	226,209	226,209
Contributions and donations	17,204	67,309	84,513
Miscellaneous	23,204	-	23,204
Total revenues	<u>13,844,586</u>	<u>2,099,838</u>	<u>15,944,424</u>
Expenditures:			
Current:			
Instruction:			
Regular	3,885,619	244,763	4,130,382
Special	1,588,138	339,975	1,928,113
Other	12,700	-	12,700
Support services:			
Pupil	1,100,830	10,000	1,110,830
Instructional staff	284,285	9,182	293,467
Administration	1,242,739	20,975	1,263,714
Fiscal	511,951	6,260	518,211
Business	18,548	-	18,548
Operations and maintenance	1,466,940	72,550	1,539,490
Pupil transportation	766,781	11,180	777,961
Central	294,820	-	294,820
Operation of non-instructional services:			
Food service operations	-	620,644	620,644
Extracurricular activities	480,778	218,908	699,686
Facilities acquisition and construction	169,478	299,574	469,052
Debt service:			
Principal retirement	44,930	285,000	329,930
Interest and fiscal charges	4,146	143,481	147,627
Total expenditures	<u>11,872,683</u>	<u>2,282,492</u>	<u>14,155,175</u>
Excess of revenues over (under) expenditures	<u>1,971,903</u>	<u>(182,654)</u>	<u>1,789,249</u>
Other financing sources (uses):			
Sale/loss of assets	2,084	-	2,084
Transfers in	-	213,336	213,336
Transfers (out)	(213,336)	-	(213,336)
Lease transaction	150,282	-	150,282
Total other financing sources (uses)	<u>(60,970)</u>	<u>213,336</u>	<u>152,366</u>
Net change in fund balances	1,910,933	30,682	1,941,615
Fund balances at beginning of year	<u>6,894,047</u>	<u>1,172,329</u>	<u>8,066,376</u>
Fund balances at end of year	<u><u>\$ 8,804,980</u></u>	<u><u>\$ 1,203,011</u></u>	<u><u>\$ 10,007,991</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds	\$ 1,941,615
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital asset additions	\$ 928,522
Current year depreciation/amortization	<u>(870,984)</u>
Total	57,538
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	2,549
Income taxes	<u>(1,992)</u>
Intergovernmental	<u>(322,847)</u>
Total	(322,290)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	
	329,930
Issuance of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.	
	(150,282)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:	
Increase in accrued interest payable	788
Amortization of bond premiums	5,760
Amortization of note discounts	<u>(447)</u>
Amortization of deferred charges and credits	<u>(3,108)</u>
Total	2,993
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	949,648
OPEB	<u>28,097</u>
Total	977,745
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.	
Pension	(776,034)
OPEB	<u>117,543</u>
Total	(658,491)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	(61,414)
Change in net position of governmental activities	<u><u>\$ 2,117,344</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District is located in Champaign County and includes the Villages of North Lewisburg, Mingo, Woodstock and Cable as well as portions of Zane, Union, Wayne, Rush and Allen Townships. It is staffed by 53 non-certified employees, 74 certified full-time teachers and other personnel who provide services to 814 students and other community members. The District currently operates three instructional buildings and one administrative building.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34” and GASB Statement No. 90, “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Hi-Point Joint Vocational School District

The Ohio Hi-Point Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating Districts, which possesses its own budgeting and taxing authority. To obtain financial information write to the Ohio Hi-Point Joint Vocational School District, Caleb Lang, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

Western Ohio Computer Organization

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is a council of governments established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio, and is composed of 26 school districts, 3 educational service centers, 2 parochial schools, 2 career centers and 4 community schools. It was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of member districts. The Organization is governed by a Board of Directors consisting of 11 members: two Superintendents from each county that is represented, one treasurer representative, a student services representative, one city school representative and non-voting independent district representative. The degree of control exercised by any participating member is limited to its representation on the Board. Financial information can be obtained from Deb Meyer, who serves as Treasurer, at 129 East Court Street, Sidney, Ohio 45365.

META Solutions

The District is a participant in Meta Solutions which is a computer consortium that was the result of a merger between Tri-Rivers Educational Computer Association (TRECA) and the Metropolitan Educational Council (MEC). 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 eight of the member districts. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Southwest Ohio Educational Purchasing Council

The Southwest Ohio Educational Purchasing Council (EPC) combines the purchasing power of approximately 130 member school districts in 19 counties. The EPC is governed by a constitution and executive board. Each member district has a representative. To obtain financial information contact Ken Swink at Ken.Swink@epcschools.org.

PUBLIC ENTITY RISK POOLS

The Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP), insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designees, 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. Financial information can be obtained from Teri Morgan, Senior Deputy Director of Board and Management Services, at 8050 North High Street, Columbus, Ohio 43235.

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 districts is calculated as one experience and a common premium rate is applied to all school districts in the Program.

Each participant pays its workers' compensation premium to the state based on the rate for the Program rather than its individual rate. Participation in the Program is limited to school districts that can meet the program's selection criteria. The firm of Sheakley provides administrative, cost control and actuarial services to the Program.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

Ohio School Plan

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the OSP to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of Directors consisting of school districts' superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hyland Group, Inc. Hyland Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

Hardin County Schools Employee Health and Welfare Benefit Association

The Hardin County Schools Employee Health and Welfare Benefit Association (the Association) is a public entity shared risk pool consisting of seven school districts and the Hardin County Library.

The Association is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides health, vision, dental and life benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each school district decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Craig Hurley, who serves as Chairman, at churley@usvschools.org.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no Trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no custodial funds.

C. Basis of Presentation and Measurement Focus

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6) and revenue from District income taxes is recognized in the year in which the income is earned (See Note 7).

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, school district income tax, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

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

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

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

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

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

F. Cash and Investments

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's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2024, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$462,467, which includes \$62,104 assigned from other District funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

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

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District has a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. The District is reporting intangible right to use assets related to leased equipment and software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Estimated Lives</u>
Land improvements	20 years	
Buildings and improvements	20 - 50 years	
Furniture and equipment	5 - 20 years	
Intangible leased assets	5 years	
Vehicles	6 - 10 years	

I. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2024, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. All employees at least 50 years of age with 10 years of service or any age with at least 20 years of service, were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2024 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of 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 applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Estimates

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

O. Interfund Activity

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

P. Unamortized Bond and Note Premium / Discount and Accounting Gain or Loss

Bond and note premiums and discounts are deferred and amortized over the term of the bonds and notes using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and note discounts are presented as a subtraction from the face amount of the notes. A reconciliation between the bonds and notes face value and the amount reported on the statement of net position is presented in Note 10.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow/inflow of resources.

On the governmental fund financial statements, bond and note premiums and discounts are recognized in the current period.

Q. Pensions/Other Postemployment Benefits (OPEB)

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2024.

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" and Implementation Guide No. 2023-1.

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

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor fund</u>	<u>Deficit</u>
Permanent improvement fund	\$ 45,664
Building fund	23,987
Miscellaneous state grants fund	2,628
Coronoavirus relief fund	279
Title I	373
Student support and academic enrichment programs fund	650

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

C. Compliance

Contrary to Ohio Law, the District did not file appropriations or amendments with the County, did not receive updated Certificates of Estimated Resources, and appropriations exceeded estimated resources by \$258,192, \$309,319, and \$2,623 for Funds 003, 507, and 516, respectively.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all District deposits was \$439,983 and the bank balance of all District deposits was \$644,515. Of the bank balance, \$250,000 was covered by federal depository insurance and \$394,515 was covered by the Ohio Pooled Collateral System (OPCS).

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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2024, the District had the following investment and maturities:

<u>Measurement/ Investment type</u>	Investment Maturities	
	<u>Fair Value</u>	<u>6 months or less</u>
<i>Amortized Cost:</i>		
STAR Ohio	<u>\$ 8,838,645</u>	<u>\$ 8,838,645</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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: STAR Ohio carries a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2024:

<u>Measurement/ Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
<i>Amortized Cost:</i>		
STAR Ohio	<u>\$ 8,838,645</u>	<u>100.00</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

<u>Cash and investments per note</u>
Carrying amount of deposits
Investments
Total

\$ 439,983
8,838,645
\$ 9,278,628

<u>Cash and investments per statement of net position</u>
Governmental activities

\$ 9,278,628

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2024, as reported on the fund statements, consist of the following amounts due to/from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>389,549</u>

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested, but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for the year ended June 30, 2024, consisted of the following, as reported on the fund financial statement:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ <u>213,336</u>

Transfers are used to move revenues from the fund that statute or budget requires them to be collected into the fund that statute or budget requires them to be expended from and to use unrestricted revenues to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers between governmental funds are eliminated on the government-wide statements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

C. Interfund balances at June 30, 2024, as reported on the fund statements, consist of the following amounts interfund loans payable and receivable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>166,727</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid in one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Champaign, Logan and Union Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2023, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 230,764	\$ 258,801
Nonmajor governmental funds:		
Bond retirement fund	18,709	19,495
Permanent improvement fund	2,985	2,470

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

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	\$ 169,015,140	96.85	\$ 170,037,500	96.49
Public utility personal	<u>5,502,570</u>	<u>3.15</u>	<u>6,192,340</u>	<u>3.51</u>
Total	<u><u>\$ 174,517,710</u></u>	<u><u>100.00</u></u>	<u><u>\$ 176,229,840</u></u>	<u><u>100.00</u></u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$25.60		\$25.60	
Debt service	1.55		1.55	
Permanent improvement	0.25		0.25	

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The school district income tax (SDIT) is an income tax separate from federal, State and city income taxes which is earmarked specifically to support school districts. Residents pay the tax through employer withholding, individual quarterly estimates, and annual returns which are remitted to the Ohio Department of Taxation. Payments are made to the District through the Ohio Department of Taxation. The available money is distributed to the District quarterly. Quarterly payments contain the total gross collections, less refunds and administrative fees, and also include interest earned. The total available is usually sent to the District within a month of the end of the quarter.

The District has a 1.5% SDIT. 1.0% is a continuing tax, while .50% has been approved by the voters for a five- year term ending in December 2025. SDIT revenue received by the general fund during fiscal year 2024 was \$3,221,897.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2024 consisted of taxes, accounts (billings for user charged services and student fees) and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 3,850,555
Income taxes	1,467,474
Accounts	5,248
Intergovernmental	<u>391,249</u>
Total	<u><u>\$ 5,714,526</u></u>

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 414,157	\$ -	\$ -	\$ 414,157
Construction in progress	-	123,001	-	123,001
Total capital assets, not being depreciated/amortized	<u>414,157</u>	<u>123,001</u>	-	537,158
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	2,112,079	-	-	2,112,079
Building and improvements	21,921,039	337,058	-	22,258,097
Furniture and equipment	1,596,004	152,191	-	1,748,195
Intangible right to use: leased equipment	133,487	150,282	(133,487)	150,282
Intangible right to use: leased software	171,529	13,900	-	185,429
Vehicles	1,511,792	152,090	-	1,663,882
Total capital assets, being depreciated/amortized	<u>27,445,930</u>	<u>805,521</u>	<u>(133,487)</u>	<u>28,117,964</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(393,178)	(126,996)	-	(520,174)
Building and improvements	(9,080,135)	(443,665)	-	(9,523,800)
Furniture and equipment	(1,138,262)	(115,417)	-	(1,253,679)
Intangible right to use: leased equipment	(103,345)	(45,170)	133,487	(15,028)
Intangible right to use: software	(6,010)	(39,931)	-	(45,941)
Vehicles	(848,780)	(99,805)	-	(948,585)
Total accumulated depreciation/amortization	<u>(11,569,710)</u>	<u>(870,984)</u>	<u>133,487</u>	<u>(12,307,207)</u>
Governmental activities capital assets, net	<u>\$ 16,290,377</u>	<u>\$ 57,538</u>	<u>\$ -</u>	<u>\$ 16,347,915</u>

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 284,801
Special	48,777

Support services:

Pupil	20,278
Instructional staff	10,977
Administration	53,958
Fiscal	14,632
Operations and maintenance	89,865
Pupil transportation	103,452
Central	9,327

Operation of non-instructional services:

Food service operations	15,572
Extracurricular activities	<u>219,345</u>

Total depreciation/amortization expense	<u>\$ 870,984</u>
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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2024, the following activity occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2024</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
Series 2010 energy conservation notes	\$ 165,000	\$ -	\$ (55,000)	\$ 110,000	55,000
Lease Payable	31,532	150,282	(44,930)	136,884	27,820
Note Payable -					
finance purchase	1,245,000	-	(125,000)	1,120,000	125,000
School facilities construction and improvement bonds, series 2020	3,875,000	-	(105,000)	3,770,000	110,000
Compensated absences	434,755	75,858	(14,444)	496,169	8,915
Net pension liability	9,635,923	-	(130,497)	9,505,426	
Net OPEB liability	<u>569,735</u>	<u>61,935</u>	<u>-</u>	<u>631,670</u>	<u>-</u>
Total	<u><u>\$ 15,956,945</u></u>	<u><u>\$ 288,075</u></u>	<u><u>\$ (474,871)</u></u>	<u><u>15,770,149</u></u>	<u><u>\$ 326,735</u></u>
Add: Unamortized premium on bond issuance				117,595	
Less: Unamortized discounts on note issuance				<u>(637)</u>	
Total on statement of net position				<u><u>\$ 15,887,107</u></u>	

Compensated absences will be paid from the fund which the employees' salaries are paid, which are the general fund and the food service fund (a nonmajor governmental fund).

The District's net pension liability is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service.

The District's net OPEB liability/asset is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

B. Series 2020 School Facilities Construction and Improvement Bonds - On February 5, 2020, the District issued \$3,890,000 in school facilities construction and improvement bonds, for the purpose of improving school facilities. Principal and interest payments are made from the debt service fund (a nonmajor governmental fund).

The issue was comprised of both serial bonds, par value \$890,000, and term bonds, par value \$3,000,000. The interest rates on the bonds range from 2.0%-4.0%. Interest payments on the are due on June 1 and December 1 of each year. The final maturity of the Series 2020 bonds is December 1, 2044.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the District's future annual debt service requirements to maturity for the Series 2020 Bonds:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 110,000	\$ 99,094	\$ 209,094
2026	120,000	94,494	214,494
2027	125,000	89,594	214,594
2028	130,000	84,494	214,494
2029	140,000	79,094	219,094
2030-2034	810,000	319,868	1,129,868
2035-2039	970,000	221,428	1,191,428
2040-2044	1,125,000	101,294	1,226,294
2045	<u>240,000</u>	<u>3,000</u>	<u>243,000</u>
Total	<u>\$ 3,770,000</u>	<u>\$ 1,092,360</u>	<u>\$ 4,862,360</u>

C. Series 2010 Energy Conservation Notes - During fiscal year 2011, the District issued \$798,000 of energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements.

Payments of principal and interest relating to the energy conservation notes are recorded as expenditures in the debt service fund (a nonmajor governmental fund) with transfers from the general fund. The unmatured obligations at year end are accounted for in the statement of net position. The energy conservation project was primarily for various building maintenance and repairs, which have not been capitalized by the District.

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation notes:

Fiscal Year <u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	55,000	4,331	59,331
2026	<u>55,000</u>	<u>1,444</u>	<u>56,444</u>
Total	<u>\$ 110,000</u>	<u>\$ 5,775</u>	<u>\$ 115,775</u>

D. Note Payable – Finance Purchase - On March 13, 2002, the District entered into a note payable with the Rickenbacker Port Authority (RPA) for the purpose of building a new school building and renovating existing buildings. The \$2,300,000 proceeds of this agreement were commingled with funding received from the Ohio School Facilities Commission and the March 23, 2000 issuance of General Obligations Bonds to complete the projects. In 2002, the RPA merged with the Columbus Municipal Airport Authority to become Columbus Regional Airport Authority. During fiscal year 2017, the note payable (series 2002) was refunded.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

On December 22, 2016, the District entered into note payable (series 2016, refunding). This note payable refunded the \$1,704,000 remaining on the note payable, series 2002. The \$2,025,000 in proceeds are to be repaid over 16 years with a final maturity of January 1, 2032. Principal and interest payments related to this lease-purchase agreement are made from the debt service fund (a nonmajor governmental fund) with transfers from the general fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$46,621. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt which is equal to the life of the new issued debt.

As part of the note payable, the District deposited \$124,124 into the permanent improvement fund for capital improvement expenses to be made within three years.

Principal and interest requirements to retire the note payable obligation at June 30, 2024 follows:

Fiscal Year Ending June 30,	Note Payable		
	Principal	Interest	Total
2025	\$ 125,000	\$ 27,918	\$ 152,918
2026	130,000	24,552	154,552
2027	135,000	21,054	156,054
2028	140,000	17,424	157,424
2029	140,000	13,728	153,728
2030 - 2032	<u>450,000</u>	<u>18,084</u>	<u>468,084</u>
Total	<u>\$ 1,120,000</u>	<u>\$ 122,760</u>	<u>\$ 1,242,760</u>

E. Leases Payable - The District has entered into lease agreements for the use of right to use equipment. The District reports an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into a lease agreement for copier equipment as follows:

Description	Lease Commencement Date	Years	Lease End Date	Payment Method
	Date			
Copier Equipment	2021	5	2024	Monthly
Copier Equipment	2024	5	2029	Monthly

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2025	\$ 27,820	\$ 6,212	\$ 34,032
2026	29,243	4,789	34,032
2027	30,739	3,293	34,032
2028	32,312	1,720	34,032
2029	<u>16,770</u>	<u>245</u>	<u>17,015</u>
Total	<u>\$ 136,884</u>	<u>\$ 16,259</u>	<u>\$ 153,143</u>

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2024, are a voted debt margin of \$12,290,509 (including available funds of \$199,823) and an unvoted debt margin of \$176,230.

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2024, the District purchased insurance through the Ohio School Plan (the "OSP"), (an insurance purchasing pool) for property and fleet insurance, liability insurance, cyber and pollution. Coverages provided by OSP are as follows:

<u>Type of Coverage</u>	<u>Amount of Coverage</u>	<u>Deductible</u>
Building and Contents - Replacement Cost	\$58,829,627	\$1,000
Audio Visual Equipment	included	1,000
Miscellaneous Equipment	included	1,000
Electronic Equipment	included	1,000
Automobile Liability	5,000,000	1,000
General Liability		
Per occurrence	3,000,000	0
Total per year	5,000,000	0

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

B. Workers' Compensation

For fiscal year 2024, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP.

The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all school Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Sheakley provides administrative, cost control and actuarial services to the GRP.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 11 - RISK MANAGEMENT – (Continued)

C. Employee Medical

On January 1, 2016, the District joined the Hardin County Schools Employee Health and Welfare Benefit Association (the Association). In order to join the Association, the District agreed to a buy-in cost of \$262,605 to be paid in 3 installments of \$87,535 each on 12/31/15, 12/31/16, & 12/31/17.

The Association is a public entity shared risk pool consisting of seven local school districts and one public library. The District pays monthly premiums to the Association for employee medical, dental, life insurance and vision benefits. The Association is responsible for the management and operations of the program. Upon withdrawal from the Association, all reserve money stays in the Association, and the participant is responsible for the payment of all Association liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. The Association will pay all claims that are incurred prior to the withdraw date. The Association joined The Jefferson Health Plan (JHP) on January 1, 2021. JHP is a Public Employer Group Insurance Trust under Council of Government (COG) rules (ORC Section 167). Contact is Mark Schlagheck at MSchlagheck@thejeffersonhealthplan.org.

The District offers one health insurance plan, which is a high deductible plan paired with a Health Savings Account (HSA). The District continues to make contributions into the HSA accounts of those employees who choose the high deductible plan. The district purchases life insurance for each employee in the amount of \$50,000 – with an exception for administrators with coverage totaling 2.5 times their annual salary.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

**TRIAD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$262,209 for fiscal year 2024. Of this amount, \$56,011 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$687,439 for fiscal year 2024. Of this amount, \$117,503 is reported as pension and postemployment benefits payable.

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

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 contributions of all participating entities.

**TRIAD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.039711100%	0.033684190%	
Proportion of the net pension liability current measurement date	<u>0.037041900%</u>	<u>0.034635210%</u>	
Change in proportionate share	<u>-0.002669200%</u>	<u>0.000951020%</u>	
Proportionate share of the net pension liability	\$ 2,046,755	\$ 7,458,671	\$ 9,505,426
Pension expense	\$ 108,355	\$ 667,679	\$ 776,034

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 87,974	\$ 271,929	\$ 359,903
Changes of assumptions	14,499	614,262	628,761
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	192,626	192,626
Contributions subsequent to the measurement date	<u>262,209</u>	<u>687,439</u>	<u>949,648</u>
Total deferred outflows of resources	<u>\$ 364,682</u>	<u>\$ 1,766,256</u>	<u>\$ 2,130,938</u>
 Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 16,553	\$ 16,553
Net difference between projected and actual earnings on pension plan investments	28,768	22,355	51,123
Changes of assumptions	-	462,363	462,363
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>168,660</u>	<u>16,517</u>	<u>185,177</u>
Total deferred inflows of resources	<u>\$ 197,428</u>	<u>\$ 517,788</u>	<u>\$ 715,216</u>

\$949,648 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2025	\$ (89,990)	\$ (18,371)	\$ (108,361)
2026	(113,553)	(186,929)	(300,482)
2027	107,064	773,587	880,651
2028	<u>1,524</u>	<u>(7,258)</u>	<u>(5,734)</u>
Total	<u>\$ (94,955)</u>	<u>\$ 561,029</u>	<u>\$ 466,074</u>

Actuarial Assumptions – SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 12 - 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 and June 30, 2022, are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

COLA or ad hoc COLA:

Current measurement date	2.00%
Prior measurement date	2.00%

Investment rate of return:

Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses

Discount rate:

Current measurement date	7.00%
Prior measurement date	7.00%

Actuarial cost method

Entry age normal (level percent of payroll)

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

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

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
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	<u>5.00</u>	5.64
Total	<u><u>100.00 %</u></u>	

Discount Rate – Total pension liability was calculated using the discount rate of 7.00%. 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%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. 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%.

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,020,907	\$ 2,046,755	\$ 1,226,219

**TRIAD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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. An actuarial experience study is done on a quinquennial basis.

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

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

* Final target weights reflected at October 1, 2022.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 12 – DEFINED BENEFIT PENSION PLANS – (Continued)

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

Discount Rate – The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' 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% was applied to all periods of projected benefit payments 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 represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 11,469,785	\$ 7,458,671	\$ 4,066,366

Assumption and Benefit Changes Since the Prior Measurement Date – The discount rate remained at 7.00% 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.

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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(Continued)

NOTE 13 – DEFINED BENEFIT OPEB PLANS – (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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$28,097.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$28,097 for fiscal year 2024. Of this amount, \$28,097 is reported as pension and postemployment benefits payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 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/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 13 – DEFINED BENEFIT OPEB PLANS – (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.040579100%	0.033684190%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.038342400%</u>	<u>0.034635210%</u>	
Change in proportionate share	<u>-0.002236700%</u>	<u>0.000951020%</u>	
Proportionate share of the net OPEB liability	\$ 631,670	\$ -	\$ 631,670
Proportionate share of the net OPEB asset	\$ -	\$ (673,607)	\$ (673,607)
OPEB expense	\$ (83,497)	\$ (34,046)	\$ (117,543)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,313	\$ 1,052	\$ 2,365
Net difference between projected and actual earnings on OPEB plan investments	4,899	1,202	6,101
Changes of assumptions	213,589	99,232	312,821
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	31,424	3,004	34,428
Contributions subsequent to the measurement date	<u>28,097</u>	<u>-</u>	<u>28,097</u>
Total deferred outflows of resources	<u>\$ 279,322</u>	<u>\$ 104,490</u>	<u>\$ 383,812</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 325,780	\$ 102,745	\$ 428,525
Changes of assumptions	179,399	444,442	623,841
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>143,947</u>	<u>3,465</u>	<u>147,412</u>
Total deferred inflows of resources	<u>\$ 649,126</u>	<u>\$ 550,652</u>	<u>\$ 1,199,778</u>

\$28,097 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 13 – DEFINED BENEFIT OPEB PLANS – (Continued)

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (105,996)	\$ (195,182)	\$ (301,178)
2026	(96,227)	(91,238)	(187,465)
2027	(67,457)	(35,082)	(102,539)
2028	(49,282)	(47,368)	(96,650)
2029	(42,187)	(43,465)	(85,652)
Thereafter	<u>(36,752)</u>	<u>(33,827)</u>	<u>(70,579)</u>
Total	<u>\$ (397,901)</u>	<u>\$ (446,162)</u>	<u>\$ (844,063)</u>

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.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense, including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering 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 long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
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><u>100.00 %</u></u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position 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 was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 807,455	\$ 631,670	\$ 493,056
	Current	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 464,066	\$ 631,670	\$ 853,768

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023		June 30, 2022	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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. An actuarial experience study is done on a quinquennial basis.

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

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

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

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(Continued)

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 570,120	\$ 673,607	\$ 763,733
District's proportionate share of the net OPEB asset	Current Trend Rate		
	\$ 767,915	\$ 673,607	\$ 560,014

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not a party to legal proceedings.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (DEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, DEW has finalized the impact of enrollment adjustments to the June 30, 2024, Foundation funding for the District resulting in a receivable of \$1,981. This amount is not reported on the financial statements.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 15 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	166,567
Current year qualifying expenditures	(417,998)
Current year offsets	<u>(57,179)</u>
Total	<u>\$ (308,610)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

NOTE 16 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year - End Encumbrances</u>
General	\$ 197,387
Nonmajor governmental funds	<u>78,864</u>
Total	<u>\$ 276,251</u>

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 11,351,554	\$ 11,351,554	\$ 13,669,594	\$ 2,318,040
Budgetary expenditures and other financing uses	11,488,417	13,567,103	12,326,543	(1,240,560)
Net change in fund balance	(136,863)	(2,215,549)	1,343,051	3,558,600
Budgetary fund balance at beginning of year	6,510,844	6,510,844	6,510,844	-
Prior year encumbrances appropriated	85,855	85,855	85,855	-
Budgetary fund balance at end of year	\$ 6,459,836	\$ 4,381,150	\$ 7,939,750	\$ 3,558,600

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.037041900%	\$ 2,046,755	\$ 1,524,836	134.23%	76.06%
2023	0.039711100%	2,147,885	1,376,693	156.02%	75.82%
2022	0.043232800%	1,595,165	1,510,821	105.58%	82.86%
2021	0.041623900%	2,753,092	1,427,814	192.82%	68.55%
2020	0.042230000%	2,526,695	1,483,681	170.30%	70.85%
2019	0.040475600%	2,318,113	1,423,844	162.81%	71.36%
2018	0.041500900%	2,479,587	1,352,279	183.36%	69.50%
2017	0.040551000%	2,967,959	1,256,700	236.17%	62.98%
2016	0.040553700%	2,314,033	1,220,880	189.54%	69.16%
2015	0.042386000%	2,145,131	1,231,645	174.17%	71.70%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 262,209	\$ (262,209)	\$ -	\$ 1,872,921	14.00%
2023	213,477	(213,477)	-	1,524,836	14.00%
2022	192,737	(192,737)	-	1,376,693	14.00%
2021	211,515	(211,515)	-	1,510,821	14.00%
2020	199,894	(199,894)	-	1,427,814	14.00%
2019	200,297	(200,297)	-	1,483,681	13.50%
2018	192,219	(192,219)	-	1,423,844	13.50%
2017	189,319	(189,319)	-	1,352,279	14.00%
2016	175,938	(175,938)	-	1,256,700	14.00%
2015	160,912	(160,912)	-	1,220,880	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND
DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.034635210%	\$ 7,458,671	\$ 4,668,614	159.76%	80.02%
2023	0.033684190%	7,488,038	4,433,221	168.91%	78.88%
2022	0.033393106%	4,269,609	4,197,314	101.72%	87.78%
2021	0.032779220%	7,931,405	3,985,571	199.00%	75.48%
2020	0.033111470%	7,322,403	3,839,621	190.71%	77.40%
2019	0.033089670%	7,275,675	3,855,357	188.72%	77.31%
2018	0.032625450%	7,750,246	3,660,871	211.70%	75.30%
2017	0.032574840%	10,903,781	3,503,243	311.25%	66.80%
2016	0.035877110%	9,915,384	3,760,450	263.68%	72.10%
2015	0.037322700%	9,078,172	3,813,354	238.06%	74.70%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 687,439	\$ (687,439)	\$ -	\$ 4,910,279	14.00%
2023	653,606	(653,606)	-	4,668,614	14.00%
2022	620,651	(620,651)	-	4,433,221	14.00%
2021	587,624	(587,624)	-	4,197,314	14.00%
2020	557,980	(557,980)	-	3,985,571	14.00%
2019	537,547	(537,547)	-	3,839,621	14.00%
2018	539,750	(539,750)	-	3,855,357	14.00%
2017	512,522	(512,522)	-	3,660,871	14.00%
2016	490,454	(490,454)	-	3,503,243	14.00%
2015	526,463	(526,463)	-	3,760,450	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY AND
DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO**

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.038342400%	\$ 631,670	\$ 1,524,836	41.43%	30.02%
2023	0.040579100%	569,735	1,376,693	41.38%	30.34%
2022	0.044666800%	845,356	1,510,821	55.95%	24.08%
2021	0.043476700%	944,891	1,427,814	66.18%	18.17%
2020	0.043414300%	1,091,778	1,483,681	73.59%	15.57%
2019	0.041218900%	1,143,524	1,423,844	80.31%	13.57%
2018	0.041978500%	1,126,593	1,352,279	83.31%	12.46%
2017	0.040952090%	1,167,286	1,256,700	92.89%	11.49%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions			District's Covered Payroll	Contributions as a Percentage of Covered Payroll
	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)		
2024	\$ 28,097	\$ (28,097)	\$ -	\$ 1,872,921	1.50%
2023	29,249	(29,249)	-	1,524,836	1.92%
2022	26,368	(26,368)	-	1,376,693	1.92%
2021	29,101	(29,101)	-	1,510,821	1.93%
2020	29,272	(29,272)	-	1,427,814	2.05%
2019	34,558	(34,558)	-	1,483,681	2.33%
2018	30,082	(30,082)	-	1,423,844	2.11%
2017	22,253	(22,253)	-	1,352,279	1.65%
2016	20,113	(20,113)	-	1,256,700	1.60%
2015	30,747	(30,747)	-	1,220,880	2.52%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/(ASSET) AND
DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.034635210%	\$ (673,607)	\$ 4,668,614	14.43%	168.52%
2023	0.033684190%	(872,196)	4,433,221	19.67%	230.73%
2022	0.033393106%	(704,066)	4,197,314	16.77%	174.73%
2021	0.032779220%	(576,095)	3,985,571	14.45%	182.10%
2020	0.033111470%	(548,405)	3,839,621	14.28%	174.74%
2019	0.033089670%	(531,717)	3,855,357	13.79%	176.00%
2018	0.032625450%	1,272,925	3,660,871	34.77%	47.10%
2017	0.032574840%	1,742,111	3,503,243	49.73%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 4,910,279	0.00%
2023	-	-	-	4,668,614	0.00%
2022	-	-	-	4,433,221	0.00%
2021	-	-	-	4,197,314	0.00%
2020	-	-	-	3,985,571	0.00%
2019	-	-	-	3,839,621	0.00%
2018	-	-	-	3,855,357	0.00%
2017	-	-	-	3,660,871	0.00%
2016	-	-	-	3,503,243	0.00%
2015	-	-	-	3,760,450	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The schedule of revenues, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,343,051
Net adjustment for revenue and other financing sources accruals	288,571
Net adjustment for expenditure and other financing uses accruals	(17,814)
Funds budgeted elsewhere	(143)
Adjustments for encumbrances	<u>297,268</u>
GAAP Basis	<u><u>\$ 1,910,933</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. This includes the rotary fund, public school support fund, and underground storage tank fund.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts reported for fiscal year 2024.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate went from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate went from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**
(Continued)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

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**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 116,651
National School Lunch Program:		
Non-Cash Assistance (Food Distribution)	10.555	35,990
Cash Assistance	10.555	249,860
Total National School Lunch Program		<u>285,850</u>
Total Child Nutrition Cluster		<u>402,501</u>
Total U.S. Department of Agriculture		<u>402,501</u>
U.S. DEPARTMENT OF THE TREASURY		
<i>Passed Through Ohio Facilities Construction Commission</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>162,846</u>
Total U.S. Department of the Treasury		<u>162,846</u>
U.S. FEDERAL COMMUNICATIONS COMMISSION		
<i>Direct Program</i>		
COVID-19 Emergency Connectivity Fund Program	32.009	<u>25,200</u>
Total U.S. Federal Communications Commission		<u>25,200</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010	136,208
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	150,784
Special Education Preschool Grants	84.173	4,080
Total Special Education Cluster (IDEA)		<u>154,864</u>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	23,103
Student Support and Academic Enrichment Program	84.424	13,563
COVID-19 Education Stabilization Fund:		
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	269,519
American Rescue Plan - Homeless Targeted Support Grant	84.425W	16,484
Total COVID-19 Education Stabilization Fund		<u>286,003</u>
Total U.S. Department of Education		<u>613,741</u>
Total Expenditures of Federal Awards		<u>\$ 1,204,288</u>

The accompanying notes are an integral part of this schedule.

**TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Triad Local School District (the District) under programs of the federal government for the fiscal year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District did not provide funds to subrecipients during the fiscal year.

NOTE E - 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 F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Department of Education and Workforce's (DEW) consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	\$ 10,863
Supporting Effective Instruction State Grants	84.367	\$ 4,092
Student Support and Academic Enrichment Program	84.424	\$ 1,673
Special Education Grants to States	84.027	\$ 1,309



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

Triad Local School District
Champaign County
7920 Brush Lake Road
North Lewisburg, Ohio 43060

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Triad Local School District, Champaign County, Ohio (the District) as of and for the fiscal 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 February 6, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

Triad Local School District
Champaign County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

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

District's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 6, 2025



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

Triad Local School District
Champaign County
7920 Brush Lake Road
North Lewisburg, Ohio 43060

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Triad Local School District's, Champaign County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Triad Local School District's major federal programs for the fiscal year ended June 30, 2024. Triad Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Triad Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Triad Local School District

Champaign County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 2

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Triad Local School District

Champaign County

Independent Auditor's Report on Compliance with Requirements

Applicable to Each Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 6, 2025

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TRIAD LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

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 material 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 Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster Special Education Cluster (IDEA)
(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

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

FINDING NUMBER 2024-001

Noncompliance – Budgetary

Ohio Rev. Code § 5705.36(A)(1) states on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

FINDING NUMBER 2024-001
(Continued)

Ohio Rev. Code § 5705.39 states, in part, the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure, as certified by the budget commission, or in the case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. When the appropriation does not exceed such official estimate, the county auditor shall give such a certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure.

Ohio Rev. Code § 5705.40 states, in part, any appropriation measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation.

Ohio Rev. Code § 5705.41(B) states, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated.

For the fiscal year ending June 30, 2024, the District did not file the appropriation resolution adopted by the Board of Education with the county auditor for certification as required by Ohio Rev. Code §5705.39. The Board also approved amendments to appropriations during the year which were not filed or certified by the county auditor. The District did send in a final appropriations document to the County but this was after the fiscal year end. In addition, the only Certificate of Estimated Resources certified by the County was the February 7, 2023, certificate. The District submitted a request for a certificate for fiscal year end in July 2024; however this was after fiscal year end. This caused final appropriations (approved by the Board) to exceed estimated resources by \$258,192, \$309,319, and \$2,623 for Funds 003, 507, and 516, respectively.

Failure to send the budgetary documents into the County for proper certification and approval and appropriating in excess of estimated resources could result in deficit spending or money being spent without proper authorization.

The District should implement procedures to ensure appropriations and all amendments approved by the Board are filed with the county auditor for certification. Furthermore, the District should implement review procedures to help assure that adopted appropriations are within the certified estimated resources. The Board of Education should review budget to actual financial reports for all funds. Monitoring monthly budget to actual receipts and expenditures helps to ensure the District does not overspend its resources.

Officials' Response:

See the Corrective Action Plan on page 89.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Triad Local School District

Home of the Cardinals!

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Mrs. Vickie Maruniak - Superintendent

Mr. Nathan Hilborn - Treasurer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Noncompliance and Material Weakness – Recording in Incorrect Fund/Financial Reporting	Partially Corrected	Steps taken in fiscal year 2024 to correct issues. Repeated in the management letter.
2023-002	Noncompliance - Budgetary	Not Corrected	Repeated as Finding 2024-001.

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Mr. Nathan Hilborn - Treasurer

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2024

Finding Number:

2024-001

Planned Corrective Action:

The District shall utilize system generated budget reports which are included for Board review each month in order to maintain expenditures within certified appropriations and estimated revenues. Additionally, calendar reminders shall be used to ensure timely submission of budgetary documents to the County Auditor.

Anticipated Completion Date:

2/28/2025

Responsible Contact Person:

Nathan Hilborn, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



TRIAD LOCAL SCHOOL DISTRICT

CHAMPAIGN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/4/2025

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