

**VAN WERT  
CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**





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Board of Education  
Van Wert City School District  
205 West Crawford Street  
Van Wert, Ohio 45891

We have reviewed the *Independent Auditor's Report* of Van Wert City School District, Van Wert County, prepared by Julian & Grube, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

January 14, 2025

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**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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## **Independent Auditor's Report**

Van Wert City School District  
Van Wert County  
205 West Crawford Street  
Van Wert, Ohio 45891

To the Members of the Board of Education:

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

#### ***Opinions***

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Van Wert City School District, Van Wert County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Van Wert City School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Van Wert City School District, as of June 30, 2024, and the respective changes in modified cash basis financial position, thereof for the fiscal year then ended in accordance with modified cash basis of accounting described in Note 2.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Van Wert City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Van Wert City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Van Wert City School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Van Wert City School District's ability to continue as a going concern for a reasonable period of time.

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



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Van Wert City School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and budgetary comparison information are presented for purposes of additional analysis and are 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 budgetary comparison information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2024 on our consideration of the Van Wert City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Van Wert City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Van Wert City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 26, 2024

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**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

The management's discussion and analysis of the Van Wert City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2024, within the limitations of the School District's modified cash basis of accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the cash basis basic financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2024 are as follows:

- The total net cash position of the School District increased \$2,660,727 or 13.30% from June 30, 2023's net cash position.
- General cash receipts accounted for \$27,491,190 or 75.61% of total governmental activities cash receipts. Program specific cash receipts accounted for \$8,867,524 or 24.39% of total governmental activities cash receipts.
- The School District had \$33,697,987 in cash disbursements related to governmental activities; \$8,867,524 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) and entitlements not restricted of \$27,491,190 were adequate to provide for these programs.
- The School District's major funds are the general fund and the bond retirement fund. The general fund had cash receipts and other financing sources of \$27,633,065 in fiscal year 2024. The cash disbursements of the general fund totaled \$25,658,572 in fiscal year 2024. The general fund's cash balance increased \$1,974,493 from a balance of \$11,620,814 to \$13,595,307.
- The bond retirement fund has cash receipts of \$2,067,741 in fiscal year 2024. The cash disbursements of the bond retirement fund totaled \$1,824,902 in fiscal year 2024. The fund balance increased \$242,839 from \$2,320,411 to \$2,563,250.

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

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

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole School District, presenting an aggregate view of the School District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund and bond retirement fund are reported as major funds.

**Reporting the School District as a Whole**

***Statement of Net Position and the Statement of Activities***

The statement of net position - modified cash basis and the statement of activities - modified cash basis answer the question, "How did we do financially during fiscal year 2024?" These statements include *only net position* using the *modified cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the School District's net cash position and changes in that position on a modified cash basis. This change in net cash position is important because it tells the reader that, for the School District as a whole, the modified cash basis financial position of the School 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 School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

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

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

***Fund Financial Statements***

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

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and bond retirement fund.

***Governmental Funds***

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The governmental fund statements provide a detailed view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various School District programs. Since the School District is reporting on the cash basis of accounting, the only difference between the net position and fund cash balances or changes in net position and changes in fund cash balances results from the consolidation of the internal service fund with governmental activities on the government-wide financial statements.

***Reporting the School District's Fiduciary Responsibilities***

The School District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Notes to the Financial Statements**

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

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the School District's general fund budgetary information.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**Government-Wide Financial Analysis**

Recall that the statement of net position - cash basis provides the perspective of the School District as a whole.

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

	<b>Net Cash Position</b>	
	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
<u>Assets</u>		
Current assets	\$ 22,666,576	\$ 20,005,849
Total assets	<u>22,666,576</u>	<u>20,005,849</u>
<u>Net Cash Position</u>		
Restricted	7,200,593	8,824,179
Unrestricted	<u>15,465,983</u>	<u>11,181,670</u>
Total net cash position	<u>\$ 22,666,576</u>	<u>\$ 20,005,849</u>

The total net cash position of the School District increased \$2,660,727 which represents a 13.30% increase from fiscal year 2023.

A portion of the School District's net cash position, \$7,200,593, represents resources that are subject to external restriction on how they may be used. The balance of unrestricted net position of \$15,465,983 may be used to meet the School District's ongoing obligations to citizens and creditors.

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

	<b>Change in Net Position</b>	
	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
<b>Cash Receipts:</b>		
Program cash receipts:		
Charges for services	\$ 1,214,304	\$ 1,253,370
Operating grants and contributions	7,326,908	3,131,626
Capital grants and contributions	<u>326,312</u>	<u>18,475</u>
Total program cash receipts	<u>8,867,524</u>	<u>4,403,471</u>
General cash receipts:		
Property taxes	9,568,842	8,501,929
Income taxes	3,881,339	3,934,362
Unrestricted grants and entitlements	12,910,783	13,801,828
Payment in lieu of taxes	2,219	504
Investment earnings	931,908	569,982
Other	196,099	1,843,752
Debt proceeds	<u>-</u>	<u>5,000,000</u>
Total general cash receipts	<u>27,491,190</u>	<u>33,652,357</u>
Total cash receipts	<u>36,358,714</u>	<u>38,055,828</u>

- Continued

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**Change in Net Position (Continued)**

	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
<b>Cash Disbursements:</b>		
Instruction:		
Regular	\$ 10,001,448	\$ 9,919,204
Special	6,194,873	5,837,562
Vocational	151,823	96,481
Other	81,843	56,979
Support services:		
Pupil	2,230,170	2,113,906
Instructional staff	1,095,712	974,752
Board of education	75,365	76,479
Administration	2,317,791	2,162,309
Fiscal	742,883	707,212
Operations and maintenance	2,443,795	2,744,715
Pupil transportation	658,113	756,981
Central	162,177	162,772
Operation of non instructional services:		
Food service operations	1,068,154	883,229
Other non-instructional services	78,691	61,700
Extracurricular	976,766	988,157
Facilities acquisition and construction	2,450,862	2,012,975
Debt service:		
Principal retirement	2,348,000	1,370,000
Interest and fiscal charges	558,413	606,147
Issuance costs and dues and fees	61,108	112,364
Total cash disbursements	<u>33,697,987</u>	<u>31,643,924</u>
Change in net cash position	2,660,727	6,411,904
Net cash position at beginning of year	<u>20,005,849</u>	<u>13,593,945</u>
Net cash position at end of year	<u><u>\$ 22,666,576</u></u>	<u><u>\$ 20,005,849</u></u>

**Governmental Activities**

Governmental assets increased by \$2,660,727 in fiscal year 2024 from fiscal year 2023. Total governmental disbursements of \$33,697,987 were offset by program receipts of \$8,867,524 and general receipts of \$27,491,190. Program receipts supported 26.31% of the total governmental disbursements.

General cash receipts decreased \$6,161,167 and program specific receipts increased \$4,464,053 in fiscal year 2024. The decrease in general cash receipts is primarily due to the School District issuing \$5 million in debt during fiscal year 2023 as well as receiving an approximate \$1 million from the Ohio Facilities Construction Commission (OFCC) for the closing out of the School District's project. The increase in program receipts was due to the increase in State foundation funding compared to last fiscal year as well as an increase in Elementary and Secondary School Emergency Relief (ESSER) money.

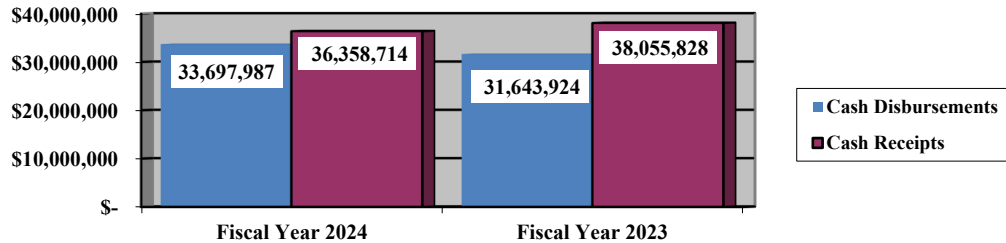
The primary sources of revenue for governmental activities are derived from property taxes, income taxes, payment in lieu of taxes and grants and entitlements. These receipt sources represent 72.51% of total governmental receipts. Real estate property is reappraised every six years.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

The graph below presents the School District's governmental activities cash receipts and cash disbursements for fiscal years 2024 and 2023.

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



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

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>
Cash disbursements:				
Instruction:				
Regular	\$ 10,001,448	\$ 7,439,163	\$ 9,919,204	\$ 8,788,672
Special	6,194,873	3,204,661	5,837,562	4,654,831
Vocational	151,823	(7,554)	96,481	96,481
Other	81,843	42,199	56,979	56,979
Support services:				
Pupil	2,230,170	1,682,986	2,113,906	2,045,243
Instructional staff	1,095,712	796,498	974,752	719,503
Board of education	75,365	75,365	76,479	76,479
Administration	2,317,791	2,294,636	2,162,309	2,142,778
Fiscal	742,883	742,883	707,212	705,721
Operations and maintenance	2,443,795	2,166,877	2,744,715	2,484,031
Pupil transportation	658,113	449,768	756,981	756,981
Central	162,177	162,177	162,772	162,772
Operation of non instructional services:				
Food service operations	1,068,154	(16,012)	883,229	(162,725)
Other non-instructional services	78,691	25,878	61,700	61,700
Extracurricular activities	976,766	527,679	988,157	567,996
Facilities acquisition and construction	2,450,862	2,275,738	2,012,975	1,994,500
Debt service:				
Principal retirement	2,348,000	2,348,000	1,370,000	1,370,000
Interest and fiscal charges	558,413	558,413	606,147	606,147
Issuance costs and dues and fees	61,108	61,108	112,364	112,364
<b>Total</b>	<b>\$ 33,697,987</b>	<b>\$ 24,830,463</b>	<b>\$ 31,643,924</b>	<b>\$ 27,240,453</b>

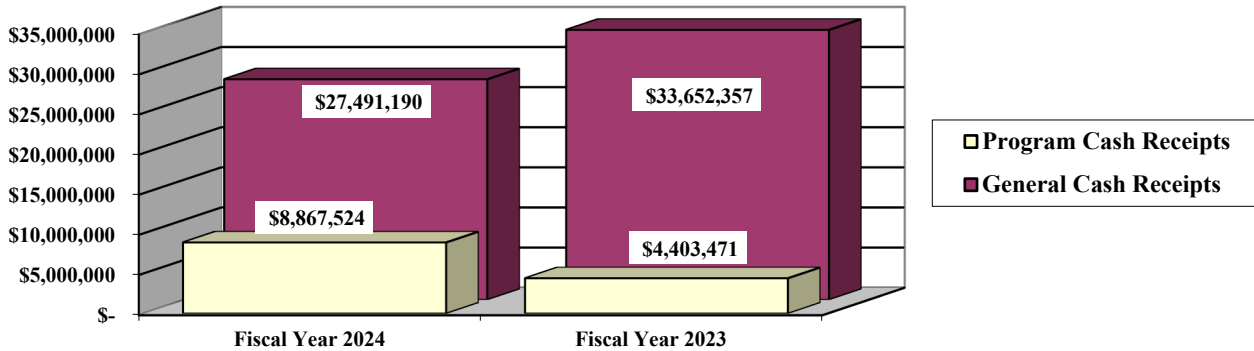
The dependence upon general cash receipts for governmental activities is apparent; with 73.69% of cash disbursements supported through taxes and other general cash receipts during fiscal year 2024.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

The graph below presents the School District's governmental activities cash receipts for fiscal years 2024 and 2023.

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$22,666,576, which is a higher balance than last year's total balance of \$20,005,849. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and June 30, 2023, for all major and nonmajor governmental funds.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Change
Major funds:			
General	\$ 13,595,307	\$ 11,620,814	\$ 1,974,493
Bond retirement	2,563,250	2,320,411	242,839
Other nonmajor governmental funds	6,508,019	6,064,624	443,395
Total	<u>\$ 22,666,576</u>	<u>\$ 20,005,849</u>	<u>\$ 2,660,727</u>

***General Fund***

The general fund's fund balance increased \$1,974,493 from fiscal year 2023 to fiscal year 2024.



**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

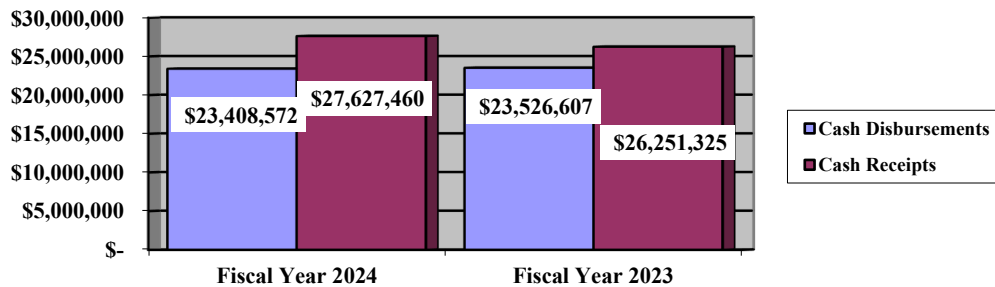
The table below assists in illustrating the cash receipts of the general fund.

	<u>2024</u> <u>Amount</u>	<u>2023</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>			
Taxes	\$ 11,296,323	\$ 10,420,990	8.40 %
Tuition and fees	321,657	306,367	4.99 %
Investment earnings	823,465	450,937	82.61 %
Charges for services	227,912	200,529	13.66 %
Other revenues	273,904	1,524,763	(82.04) %
Intergovernmental	14,684,199	13,347,739	10.01 %
Total	<u>\$ 27,627,460</u>	<u>\$ 26,251,325</u>	5.24 %

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2024</u> <u>Amount</u>	<u>2023</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>			
Instruction	\$ 12,696,810	\$ 14,031,309	(9.51) %
Support services	8,854,333	8,690,152	1.89 %
Operation of non-instruction	-	45	(100.00) %
Extracurricular	686,586	665,032	3.24 %
Facilities acquisition and construction	38,983	2,125	1,734.49 %
Debt service	1,131,860	137,944	720.52 %
Total	<u>\$ 23,408,572</u>	<u>\$ 23,526,607</u>	(0.50) %

**General Fund - Total Cash Receipts vs. Total Cash Disbursements**



***Budgeting Highlights - General Fund***

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

During the course of fiscal year 2024, the School District did not amend its general fund budget. For the general fund, original budgeted revenues and other financing sources were \$25,821,400 and final budgeted receipts and other financing sources were \$25,821,400. The actual receipts and other financing sources were \$27,586,162 for fiscal year 2024, which was \$1,764,762 more than the final budget receipts.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

General fund original appropriations were \$25,731,170 and final appropriations were \$26,268,170, which was \$537,000 more than the original budget appropriations. The actual budget basis disbursements for fiscal year 2024 totaled \$25,635,251, which was \$632,919 less than the final budget appropriations.

***Bond Retirement Fund***

The bond retirement fund had \$2,067,741 in cash receipts and \$1,824,902 in cash disbursements. The fund is for the payment of principal, interest, and related costs on general obligation bonds. The increase in fund balance is the result of property taxes and related state funds coming in more than what was necessary to make current year debt payments.

**Capital Assets and Debt Administration**

***Capital Assets***

The School District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements.

***Debt Administration***

At June 30, 2024, the School District had \$15,618,966 in long-term obligations outstanding; of this amount, \$1,431,000 is due within one year. A summary of the School District's long-term obligations outstanding at June 30, 2024 and 2023:

	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
General obligation bonds	\$ 14,700,966	\$ 15,561,444
Direct borrowings and placements	<u>\$ 918,000</u>	<u>\$ 1,991,000</u>
Total long-term obligations	<u>\$ 15,618,966</u>	<u>\$ 17,552,444</u>

For further information regarding the School District's long-term obligations, refer to Note 11 to the basic financial statements.

**Current Issues**

The School District is always concerned with State funding formulas, the resources available to the State, and the amount allocated to education. As a result of the Coronavirus pandemic the School District's fiscal year 2020 State funding was cut by \$354,452. The State later reduced the School District's fiscal year 2021 funding by \$160,056 from the fiscal year 2019 amount. State funding levels since the pandemic cuts have been restored, and the school district awaits finalization of the fiscal year 2024 and 2025 House Bill 33 biennium budget bill funding projections.

Calendar year 2023 was a reappraisal year resulting in an unprecedented increase of 34.6% in total valuation.

School District income tax collections declined 8.9 percent in fiscal year 2021 as a result of the pandemic we endured. Fortunately, the collections increased 12.4 percent in fiscal year 2022 and 17.2 percent in fiscal year 2023. Income tax collections decreased 1.34% in fiscal year 2024. The School District will continue to monitor this revenue stream to ensure it continues to increase, or at least remain stable during the uncertain time the country is going through.

A three-year contract is in place with the Van Wert Federation of Teachers and with the Classified Employees of Van Wert City Schools, effective August 1, 2023 through July 31, 2026, which resulted in base wage increases for fiscal years 2024, 2025, and 2026. Step increases were granted in all three fiscal years as well.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

The School District is proud and appreciates its community support of the school system. The administration continues to try to balance education needs and community interests with the resources available. The challenge is to provide quality services while adhering to mandates and staying within the limited and changing funding. The School District will monitor the impact of the pandemic and make necessary spending reductions while striving for a balanced budget.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Troy Bowersock, Treasurer of Van Wert City School District, 205 West Crawford Street, Van Wert, Ohio 45891-9243.

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**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS  
JUNE 30, 2024

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 22,593,925
Cash and cash equivalents in segregated accounts	41,161
Investments	31,490
Total assets	<u>22,666,576</u>
<b>Net position:</b>	
Restricted for:	
Capital projects	1,854,735
Debt service	2,563,250
Classroom facilities maintenance	930,760
Educational purposes:	
Expendable	11,923
Non-expendable	25,000
State funded programs	9,064
Food service operations	731,799
Student activities	646,031
Other purposes	428,031
Unrestricted	15,465,983
Total net position	<u>\$ 22,666,576</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

						<b>Net (Disbursements) Receipts and Changes in Net Position</b>
	<b>Disbursements</b>	<b>Charges for Services and Sales</b>	<b>Program Receipts Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>		<b>Governmental Activities</b>
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 10,001,448	\$ 425,779	\$ 2,136,506	\$ -	\$	(7,439,163)
Special	6,194,873	121,720	2,868,492	-		(3,204,661)
Vocational	151,823	-	159,377	-		7,554
Other	81,843	-	39,644	-		(42,199)
Support services:						
Pupil	2,230,170	-	547,184	-		(1,682,986)
Instructional staff	1,095,712	-	299,214	-		(796,498)
Board of education	75,365	-	-	-		(75,365)
Administration	2,317,791	-	23,155	-		(2,294,636)
Fiscal	742,883	-	-	-		(742,883)
Operations and maintenance	2,443,795	13,691	214,592	48,635		(2,166,877)
Pupil transportation	658,113	-	105,792	102,553		(449,768)
Central	162,177	-	-	-		(162,177)
Operation of non-instructional services:						
Food service operations	1,068,154	317,650	766,516	-		16,012
Other non-instructional services	78,691	-	52,813	-		(25,878)
Extracurricular activities	976,766	335,464	113,623	-		(527,679)
Facilities acquisition and construction	2,450,862	-	-	175,124		(2,275,738)
Debt service:						
Principal retirement	2,348,000	-	-	-		(2,348,000)
Interest and fiscal charges	558,413	-	-	-		(558,413)
Due and fees	61,108	-	-	-		(61,108)
<b>Total governmental activities</b>	<b>\$ 33,697,987</b>	<b>\$ 1,214,304</b>	<b>\$ 7,326,908</b>	<b>\$ 326,312</b>		<b>(24,830,463)</b>
<b>General receipts:</b>						
Property taxes levied for:						
General purposes						7,414,984
Debt service						1,740,457
Capital outlay						299,597
Classroom facilities maintenance						113,804
Income taxes levied for:						
General purposes						3,881,339
Payments in lieu of taxes						2,219
Grants and entitlements not restricted to specific programs						12,910,783
Investment earnings						931,908
Miscellaneous						196,099
Total general receipts						27,491,190
Change in net position						2,660,727
<b>Net position at beginning of year</b>						20,005,849
<b>Net position at end of year</b>						<u>\$ 22,666,576</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

	<b>General</b>	<b>Bond Retirement</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 13,595,307	\$ 2,563,250	\$ 6,435,368	\$ 22,593,925
Cash and cash equivalents in segregated accounts	-	-	41,161	41,161
Investments	-	-	31,490	31,490
Total assets	<u>\$ 13,595,307</u>	<u>\$ 2,563,250</u>	<u>\$ 6,508,019</u>	<u>\$ 22,666,576</u>
<b>Fund balances:</b>				
Nonspendable:				
Endowment	\$ -	\$ -	\$ 25,000	\$ 25,000
Restricted:				
Debt service	-	2,563,250	-	2,563,250
Capital projects	-	-	1,854,735	1,854,735
Classroom facilities maintenance	-	-	930,760	930,760
Food service operations	-	-	731,799	731,799
State funded programs	-	-	9,064	9,064
Extracurricular	-	-	646,031	646,031
Scholarships	-	-	344,583	344,583
Other purposes	-	-	95,371	95,371
Committed:				
Capital projects	-	-	2,307,710	2,307,710
Assigned:				
Student and staff support	88,719	-	-	88,719
Unassigned (deficit)	<u>13,506,588</u>	<u>-</u>	<u>(437,034)</u>	<u>13,069,554</u>
Total fund balances	<u>\$ 13,595,307</u>	<u>\$ 2,563,250</u>	<u>\$ 6,508,019</u>	<u>\$ 22,666,576</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<b>General</b>	<b>Bond Retirement</b>	<i>(Formerly Major)</i> <b>Construction</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Receipts:</b>					
Property taxes	\$ 7,414,984	\$ 1,740,457		\$ 413,401	\$ 9,568,842
Income taxes	3,881,339	-		-	3,881,339
Intergovernmental	14,684,199	327,284		5,042,099	20,053,582
Investment earnings	823,465	-		117,892	941,357
Tuition and fees	321,657	-		-	321,657
Extracurricular	74,645	-		258,629	333,274
Rental income	941	-		120	1,061
Charges for services	227,912	-		330,400	558,312
Contributions and donations	88,460	-		367,736	456,196
Payment in lieu of taxes	2,219	-		-	2,219
Miscellaneous	107,639	-		133,236	240,875
Total receipts	<u>27,627,460</u>	<u>2,067,741</u>		<u>6,663,513</u>	<u>36,358,714</u>
<b>Disbursements:</b>					
Current:					
Instruction:					
Regular	7,551,742	-		2,449,706	10,001,448
Special	4,955,040	-		1,239,833	6,194,873
Vocational	151,823	-		-	151,823
Other	38,205	-		43,638	81,843
Support services:					
Pupil	2,060,272	-		169,898	2,230,170
Instructional staff	770,085	-		325,627	1,095,712
Board of education	75,365	-		-	75,365
Administration	2,298,467	-		19,324	2,317,791
Fiscal	681,045	50,132		11,706	742,883
Operations and maintenance	2,148,809	-		294,986	2,443,795
Pupil transportation	658,113	-		-	658,113
Central	162,177	-		-	162,177
Operation of non-instructional services:					
Food service operations	-	-		1,068,154	1,068,154
Other non-instructional services	-	-		78,691	78,691
Extracurricular activities	686,586	-		290,180	976,766
Facilities acquisition and construction	38,983	-		2,411,879	2,450,862
Debt service:					
Principal retirement	1,053,000	1,235,000		60,000	2,348,000
Interest and fiscal charges	17,752	539,770		891	558,413
Dues and fees	61,108	-		-	61,108
Total disbursements	<u>23,408,572</u>	<u>1,824,902</u>		<u>8,464,513</u>	<u>33,697,987</u>
Excess (deficiency) of receipts over (under) disbursements	<u>4,218,888</u>	<u>242,839</u>		<u>(1,801,000)</u>	<u>2,660,727</u>
<b>Other financing sources (uses):</b>					
Transfers in	5,605	-		2,294,337	2,299,942
Transfers (out)	(2,250,000)	-		(49,942)	(2,299,942)
Total other financing sources (uses)	<u>(2,244,395)</u>	<u>-</u>		<u>2,244,395</u>	<u>-</u>
Net change in fund balances	1,974,493	242,839		443,395	2,660,727
<b>Fund balances as previously reported</b>	11,620,814	2,320,411	3,237,276	2,827,348	20,005,849
Adjustment - change in major fund to nonmajor fund	-	-	(3,237,276)	3,237,276	-
<b>Fund balances at beginning of year, as adjusted</b>	<u>11,620,814</u>	<u>2,320,411</u>		<u>6,064,624</u>	<u>20,005,849</u>
<b>Fund balances at end of year</b>	<u>\$ 13,595,307</u>	<u>\$ 2,563,250</u>		<u>\$ 6,508,019</u>	<u>\$ 22,666,576</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
JUNE 30, 2024

	<u><b>Custodial</b></u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	<u>\$ 86,954</u>
<b>Net position:</b>	
Restricted for individuals, organizations and other governments	<u>\$ 86,954</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - MODIFIED CASH BASIS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u><b>Custodial</b></u>
<b>Additions:</b>	
Amounts received as fiscal agent	<u>\$ 135,241</u>
<b>Deductions:</b>	
Distributions as fiscal agent	<u>122,605</u>
Change in net position	12,636
<b>Net position at beginning of year</b>	<u>74,318</u>
<b>Net position at end of year</b>	<u><u>\$ 86,954</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District’s reporting entity also includes the following:

**Non-Public School** - Within the School District’s boundaries, St. Mary of the Assumption is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity is reflected in a special revenue fund of the School District.

***JOINTLY GOVERNED ORGANIZATIONS***

Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties, and the cities of St. Mary’s and Wapakoneta. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from Northwest Ohio Area Computer Services Cooperative, 4277 East Road, Elida, Ohio 4580

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

Vantage Career Center

The Vantage Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of one representative from each of the participating school districts. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Vantage Career Center, 818 North Franklin Street, Van Wert, Ohio 45891.

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan (GRP) for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his/her designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

Van Wert Area Schools Insurance Group

The Van Wert Area Schools Insurance Group (VWASIG) is a public entity shared risk pool consisting of six members. VWASIG is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to the employees of the participants. Each member appoints a representative to the Board of Trustees. The Board of Trustees is the legislative and managerial body of VWASIG. Financial information can be obtained from the Crestview Local School District, 531 East Tully Street, Convoy, Ohio 45832.

**B. Basis of Presentation**

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

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The Statement of Net Position presents the cash and investment balance of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each function of the governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function.

Program receipts include charges paid by the recipient of the 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. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the modified cash basis of accounting or draws from the general receipts of the School District.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

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

**C. Fund Accounting**

The School District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

*GOVERNMENTAL FUNDS*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

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

*Bond Retirement Fund* - The Bond Retirement Fund is used to account for property tax receipts and transfers from the General Fund to pay principal and interest on the School District's loans and general obligation bonds.

Other governmental funds of the School 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.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

*FIDUCIARY FUNDS*

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

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for the Family and Children First Council.

**D. Basis of Accounting**

The School District's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenditures (such as accounts payable and expenditures for goods or services received but not yet paid, and accrued expenditures and liabilities) are not recorded in the financial statements.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and entity-wide statements versus budgetary disbursements are due to encumbrances outstanding at the end of the fiscal year.

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

**E. Budgetary Process**

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

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function level in the General Fund and the function and object level within all other funds are made by the School District Treasurer.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

1. 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 disbursements and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

By no later than January 20, the Board-adopted budget is filed with the County Budget Commission for rate determination.

2. Estimated Resources - Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected receipt of each fund. Prior to June 30, the School District must revise its budget so that total contemplated disbursements from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in receipts are identified by the School District Treasurer.
3. Appropriation - Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds.

Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of disbursements and encumbrances may not exceed the appropriation totals. Any revisions that alter the total of any fund's appropriations 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, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

4. Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the disbursement of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as restricted or assigned fund balance for subsequent-year disbursements of governmental funds.
5. 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 reappropriated.

**F. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Cash and cash equivalents unique to a specific fund are presented as segregated cash and cash equivalents. Investments held specifically for one Scholarship are also reported separately as "investments."

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

During fiscal year 2024, the School 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 School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2024 was \$823,465, which includes \$273,073 assigned from other School District funds.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

**G. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postemployment benefits (OPEB).

**H. Inventory and Prepaid Items**

On the modified cash basis of accounting, inventories of supplies and prepaid items are reported as disbursements when purchased.

**I. Capital Assets**

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

**J. Compensated Absences**

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



**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**K. Leases**

The School District is the lessee in various leases related to buildings, vehicles and other equipment under noncancelable leases. Lease payables are not reflected under the School District's modified cash basis of accounting. Lease disbursements are recognized when they are paid.

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

The School District is party to various SBITAs; however, liabilities are not reflected under the School District's modified cash basis of accounting. SBITA disbursements are recognized when they are paid.

**M. Long-Term Obligations**

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

**N. Equity Classifications**

**Government-Wide Statements**

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

*Restricted net position* – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the School District. Net position restricted for other purposes include resources restricted for scholarships and other grants restricted to expenditure for specified purposes. At June 30, 2024, there was no net position restricted by enabling legislation.

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

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

**O. Fund Financial Statements**

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

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

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

*Assigned* - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

**P. Intergovernmental Receipts**

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and state reimbursement type grants are recorded as receipts when the grant is received.

**Q. Interfund Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 disbursements to the funds that initially paid for them are not presented on the financial statements. The District reports advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

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

**R. Pensions and OPEB**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2024, the School District has implemented certain paragraphs of 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 the financial statements of the School 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 School 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 School District has applied GASB Statement No. 100 to these financial statements.

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 School District.

**B. Compliance**

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

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**C. Deficit Fund Balances**

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Public school preschool	\$ 24,256
Elementary and secondary	
school emergency relief	285,829
Title VI-B	48,571
Title I	52,899
Title IV	5,659
IDEA preschool grant	2,165
Title II-A	17,655

The deficit fund balances resulted from a lag between disbursements made by the School District and reimbursements from grantors and are allowable under Ohio Revised Code Section 3315.20.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**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 or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptance and commercial paper notes in an amount not to exceed 40 percent of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days and two hundred seventy days, respectively.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At June 30, 2024 the School District had \$7,350 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At year-end, the carrying amount of the School District's deposits was \$6,069,880 and the bank balance was \$6,493,030, including nonnegotiable certificates of deposit of \$5,646,490. Of the School District's bank balance, \$750,000 was covered by FDIC and \$5,743,030 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or (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 required 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.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

*Segregated Cash:* The athletic department has an account that is maintained separately from the School District's deposits. The carrying amount of these deposits is reported as "Cash and Cash Equivalents in Segregated Accounts."

**C. Investments**

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

<u>Investment type</u>	<u>Carrying Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
Negotiable CDs	\$ 491,255	\$ 491,255	\$ -
U.S. Treasury bills	762,809	487,594	275,215
U.S. Treasury notes	187,663	-	187,663
STAR Ohio	15,234,573	15,234,573	-
Total	<u>\$ 16,676,300</u>	<u>\$ 16,213,422</u>	<u>\$ 462,878</u>

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

*Credit Risk:* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's policy allows the Treasurer to invest in those investments authorized by the Ohio Revised Code, and places additional limitations with amounts authorized for investment in certain types. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment in STAR Ohio was rated AAAM. The School District's investments in negotiable CDs, U.S. Treasury bills, and U.S. Treasury notes were not rated. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024, is 39 days.

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

*Concentration of Credit Risk:* The School District places no limit on the amount of its interim monies it may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to forty percent of the interim monies available for investment at any one time. The following table includes the percentage of each investment type held by the District at June 30, 2024:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
Negotiable CDs	\$ 491,255	2.95
U.S. Treasury bills	762,809	4.57
U.S. Treasury notes	187,663	1.13
STAR Ohio	15,234,573	91.35
Total	<u>\$ 16,676,300</u>	<u>100.00</u>

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**D. 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 as reported on the statement of net position as of June 30, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,069,880
Investments	16,676,300
Cash on hand	<u>7,350</u>
Total	<u>\$ 22,753,530</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 22,666,576
Custodial funds	<u>86,954</u>
Total	<u>\$ 22,753,530</u>

**NOTE 5 - PROPERTY TAXES**

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

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

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

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 262,103,960	92.75	\$ 353,294,600	93.10%
Public utility personal	<u>20,497,680</u>	<u>7.25</u>	<u>26,186,830</u>	<u>6.90%</u>
Total	<u>\$ 282,601,640</u>	<u>100.00</u>	<u>\$ 379,481,430</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$53.25		\$51.70	

**NOTE 6 - INCOME TAXES**

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund.

**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets errors and omissions; injuries to employees; and natural disasters.

**A. Property and Liability**

During fiscal year 2024, Liberty Mutual Insurance was contracted to provide property, inland marine, general liability, errors and omissions, crime, business auto and umbrella coverages. Settled claims have not exceeded the commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

**B. Workers Compensation**

For fiscal year 2024, the School District participated in the State Workers' Compensation group rating program and payment system.

Sedgwick, formerly CompManagement, Inc. provides administrative, cost control and actuarial services to the group rating program. Sedgwick MCO is contracted as the workers' compensation managed care organization and is responsible for managing the costs related to employee claims as well as tracking employees return to work date.

**C. Unemployment**

The School District contracted with Sedgwick, Inc. to manage their state unemployment account, including protesting all contestable claims, auditing benefit charges, providing instruction regarding attendance at hearings, tax rate review and verification, and providing customized reporting and education programs upon request.



**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 7 - RISK MANAGEMENT - (Continued)**

**D. Health Care**

The School District participates in the Van Wert Area Schools Insurance Group (VWASIG). VWASIG is a public entity shared risk pool consisting of six members. The School District pays monthly premiums to VWASIG for employee medical and dental insurance benefits. Monthly premiums for life insurance benefits are paid directly to The Hartford Insurance. VWASIG is responsible for the management and operation of the program. Upon withdrawal from VWASIG, a member is responsible for the payment of all VWASIG liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The 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 School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 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 School 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 School District's contractually required contribution to SERS was \$584,816 for fiscal year 2024.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. 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 Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. New members, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

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

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 School District's contractually required contribution to STRS was \$1,709,290 for fiscal year 2024.

***Net Pension Liability***

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.094862000%	0.088187000%	
Proportion of the net pension liability current measurement date	<u>0.093370400%</u>	<u>0.088047270%</u>	
Change in proportionate share	<u>-0.001491600%</u>	<u>-0.000139730%</u>	
Proportionate share of the net pension liability	\$ 5,159,194	\$ 18,960,924	\$ 24,120,118

***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.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - 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 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.

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 the Statement of Investment Policy. ORC 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - 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	5.00	5.64
Total	<u>100.00 %</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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 7,614,709	\$ 5,159,194	\$ 3,090,893

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - 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>100.00 %</u>	

\* Final target weights reflected at October 1, 2022.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 8 - 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 in Note 1. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 School 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
School District's proportionate share of the net pension liability	\$ 29,157,706	\$ 18,960,924	\$ 10,337,238

**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 9 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 8 for a description of the net OPEB liability (asset).

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

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



**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - 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 School District's surcharge obligation was \$72,924.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$72,924 for fiscal year 2024.

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

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

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

***Net OPEB Liability/Asset***

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.097323000%	0.088187000%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.096517400%</u>	<u>0.088047270%</u>	
Change in proportionate share	<u>-0.000805600%</u>	<u>-0.000139730%</u>	
Proportionate share of the net OPEB liability	\$ 1,590,071	\$ -	\$ 1,590,071
Proportionate share of the net OPEB asset	\$ -	\$ (1,712,398)	\$ (1,712,398)

***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.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - 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.

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

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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:

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. 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.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, 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%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 2,032,566	\$ 1,590,071	\$ 1,241,146

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 1,168,170	\$ 1,590,071	\$ 2,149,147

***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.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - 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	100.00 %	

\* Final target weights reflected at October 1, 2022.

\*\*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% 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 Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the School 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 1,449,321	\$ 1,712,398	\$ 1,941,510
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ 1,952,142	\$ 1,712,398	\$ 1,423,630

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to five days of unused vacation may be carried forward to the succeeding fiscal year for classified employees. The superintendent and treasurer earn twenty-five days of vacation per fiscal year and may accumulate up to sixty days. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred ninety-five days for all employees. Upon retirement, payment is made for 25.7 percent of accrued but unused sick leave credit up to a maximum of 50.12 days. Employees who have accumulated 195 days of sick leave may accumulate an additional one fifth of accumulated days over one hundred ninety-five days as additional severance pay up to an additional 25 days to be paid upon retirement. This will result in an overall maximum payment of 75.12 days.

**B. Employee Insurance Benefits**

The School District provides medical, dental, and life insurance to most employees through the Van Wert Area Schools Insurance Group.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Balance 06/30/23	Additions	Reductions	Balance 06/30/24	Due Within One Year
<b>Governmental activities:</b>					
General Obligation Bonds:					
2006 Refunding Bonds					
Capital Appreciation Bonds	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -
Accretion on Capital Appreciation Bonds	491,444	414,522	-	905,966	-
2016 Refunding Serial Bonds	9,945,000	-	(1,135,000)	8,810,000	1,155,000
2016 Energy Conservation Refunding Bonds	120,000	-	(40,000)	80,000	40,000
2022 Facilities Improvement Bonds	5,000,000	-	(100,000)	4,900,000	150,000
Total General Obligation Bonds	15,561,444	414,522	(1,275,000)	14,700,966	1,345,000
Direct Borrowings and Placements:					
OASBO School Improvement Loan	929,000	-	(929,000)	-	-
2018 Tax Anticipation Note	60,000	-	(60,000)	-	-
2021 Finance-Purchase Agreement	1,002,000	-	(84,000)	918,000	86,000
Total Direct Borrowings and Placements	1,991,000	-	(1,073,000)	918,000	86,000
Total Governmental Activities					
Long-Term Obligations	\$ 17,552,444	\$ 414,522	\$ (2,348,000)	\$ 15,618,966	\$ 1,431,000

2006 School Improvement Refunding Bonds - On November 30, 2006, the School District issued bonds, in the amount of \$9,380,000, to partially refund bonds previously issued in fiscal year 2003 for the construction of a new high school. The refunding bond issue includes serial, term, and capital appreciation bonds, in the original amount of \$6,795,000, \$2,580,000 and \$5,000, respectively. The bonds were issued for a twenty-four year period, at interest rates of 4.00 percent to 4.25 percent with final maturity during fiscal year 2031.

The serial bonds are subject to optional redemption, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, on any date on or after December 1, 2017, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date. These bonds were refunded on September 20, 2016.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds will mature on December 1, 2025, in the amount of \$970,000. These bonds will be retired by the Bond Retirement Fund.

2016 School Improvement Refunding Bonds - On September 20, 2016 the School District issued bonds, in the amount of \$16,390,000, to refund bonds previously issued in fiscal years 2006 and 2007 for the construction of a new high school. The refunding bond issue includes serial bonds, issued for a fifteen year period, at an interest rate of 2.00 to 4.00 percent with final maturity during fiscal year 2031. These refunding bonds were issued with a premium of \$1,502,864. The issuance resulted in a difference between cash flows required to service the old debt and the cash flows required to service the new debt of \$2,331,243. The bonds are being retired through the Bond Retirement Fund.

The refunding bonds maturing on or after December 1, 2027 are subject to optional redemption prior, in whole or in part on any date in any order maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2026 at par plus accrued interest thereon. At June 30, 2024, a balance of \$9,415,000 was defeased.



**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

2016 Energy Conservation Refunding - On November 9, 2016 the School District issued bonds, in the amount of \$325,000, to refund notes previously issued in fiscal year 2011 for the purpose of providing energy conservation measures for the School District under H.B. 264. The refunding bonds were issued for a ten year period, at an interest rate of 2.35 percent with final maturity during fiscal year 2026. The issuance resulted in a difference between cash flows required to service the old debt and the cash flows required to service the new debt of \$21,576. The bond is being retired through the General Fund. At June 30, 2024, a balance of \$80,000 was defeased.

2022 Facilities Improvement Bonds - On August 11, 2022, the School District issued general obligation bonds, in the amount of \$5,000,000 for athletic facilities additions and improvements. The bonds were issued for a twenty year term, with an interest rate of 4.00 percent and a final maturity date of December 1, 2042.

General obligations bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. The general obligation bonds will be retired from the General Fund and Bond Retirement Fund.

OASBO School Improvement Loan - On June 29, 2006, the School District obtained a loan, in the amount of \$2,000,000, for the acquisition and construction of school facilities (the Project). The loan had an interest rate of 5.04 percent. The loan was obtained for a twenty-five year period, with an original final maturity in fiscal year 2031. The loan is being retired through the General Fund. At June 30, 2024, there were no further obligations outstanding.

2018 Tax Anticipation Note - In June of 2018 the School District issued a tax anticipation note, in the amount of \$300,000, for the purpose of general permanent improvements. The note carried an interest rate of 3.4 percent and was issued for a five year period, with a maturity date of December 1, 2023. This note is being retired from the Permanent Improvement Fund. At June 30, 2024, there were no further obligations outstanding.

The School District pledges the proceeds of its continuing permanent improvement levy to repay the note. In the event of default, the bank may exercise any remedy available at law or in equity provided that the note shall not be subject to acceleration.

2021 Finance Purchase - In September 2021, the School District refinanced the 2019 finance-purchase agreement for energy improvements for \$1,172,000 at an interest rate of 1.570 percent. The term began on September 16, 2021 and ends on June 1, 2034. The School District will make bi-annual lease payments from General Fund.

In the event of a default, Lessor may declare an amount equal to all remaining lease payments in effect when the event of default occurs together with interest be immediately due and payable or request the School District to promptly return the asset to the Lessor and/or allow Lessor to disable the asset and take immediate possession of and remove it or sell, lease or otherwise dispose of any assets financed under the leases and demand payment of all out-of-pocket costs and expenses incurred by Lessor as a result of the event of default.

**VAN WERT CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire outstanding debt obligations at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	<u>General Obligation Bonds</u>			<u>Direct Borrowings and Placements</u>		
	<u>Serial and Capital Appreciation</u>			<u>Finance-Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,345,000	\$ 502,610	\$ 1,847,610	\$ 86,000	\$ 14,083	\$ 100,083
2026	565,000	1,428,645	1,993,645	87,000	12,717	99,717
2027	1,515,000	420,875	1,935,875	88,000	11,351	99,351
2028	1,585,000	357,150	1,942,150	90,000	9,961	99,961
2029	1,645,000	290,700	1,935,700	91,000	8,549	99,549
2030-2034	4,215,000	797,325	5,012,325	476,000	20,783	496,783
2035-2039	1,470,000	443,000	1,913,000	-	-	-
2040-2043	1,455,000	119,700	1,574,700	-	-	-
Total	<u>\$ 13,795,000</u>	<u>\$ 4,360,005</u>	<u>\$ 18,155,005</u>	<u>\$ 918,000</u>	<u>\$ 77,444</u>	<u>\$ 995,444</u>

**NOTE 12 - STATUTORY RESERVES**

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

The following cash basis information describes the changes in the fiscal year set aside amounts for capital acquisition. State statute requires disclosing this information. For fiscal year ended June 30, 2024, the restricted activity was as follows:

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	398,081
Current year offsets	<u>(539,385)</u>
Total	<u>\$ (141,304)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

The School District had offsets during the fiscal year that reduced the capital asset set aside amount below zero. The extra amount may not be used to reduce the set aside requirements of future years as it cannot be carried forward.

**NOTE 13 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions, specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 13 - CONTINGENCIES - (Continued)**

**B. Litigation**

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

**NOTE 14 - COMMITMENTS**

**Encumbrance Commitments**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. There were no outstanding encumbrances at fiscal year-end.

**NOTE 15 - INTERFUND TRANSACTIONS**

Transfers for the fiscal year ended June 30, 2024, as reported on the fund statements, consist of the following:

Transfers in	Transfers out	Amount
General fund	Nonmajor governmental	\$ 5,605
Nonmajor governmental	General	2,250,000
Nonmajor governmental	Nonmajor governmental	44,337
Total		<u>\$ 2,299,942</u>

Transfers are used to move cash receipts from the fund that statute or budget required to collect them to the fund that statute or budget requires to disburse them and to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. The transfers of \$5,605 from the student managed activities fund (a nonmajor governmental fund) to the general fund was to close out the BETA Club fund. The \$36,787 transfer from the district managed athletic fund (a nonmajor governmental fund) to the capital projects fund (a nonmajor governmental fund) was an annual transfer to fund future capital acquisitions for the athletic department. The \$7,550 transfer from the capital projects fund (a nonmajor governmental fund) to the building fund (a nonmajor governmental fund) was to fund the Eggress stadium construction.

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

**NOTE 16 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Van Wert County has entered into Enterprise Zone agreements with the companies Alliance and Elmco for the abatement of property taxes to bring jobs and economic development into the area. Under the agreements, property taxes of the School District have been abated. During fiscal year 2024, the School District's property taxes were reduced by \$57,938.

**NOTE 17 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 18 – CONTRACTUAL COMMITMENTS**

As of June 30, 2024, the District had the following contractual commitments:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Remaining on Contract</u>
Eggerss Stadium Project Phase 2	\$2,353,343	\$372,445	\$1,980,898
Goedde Fire Alarm Project	\$94,900	\$16,726	\$78,174

## SUPPLEMENTARY INFORMATION

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>Over (Under)</u>
				<u>Actual Amounts</u>
Budgetary receipts and other financing sources	\$ 25,821,400	\$ 25,821,400	\$ 27,586,162	\$ 1,764,762
<b>Budgetary disbursements and other financing uses:</b>				
Personal services - salaries	13,191,000	13,191,000	12,932,652	(258,348)
Employee retirement & insurance benefits	6,150,320	6,150,320	6,039,890	(110,430)
Purchased services	2,085,100	2,105,100	2,043,446	(61,654)
Supplies and materials	577,650	577,650	481,911	(95,739)
Capital outlay	256,100	493,100	403,301	(89,799)
Miscellaneous objects	499,600	529,600	512,701	(16,899)
Redemption of principal	969,000	969,000	969,000	-
Interest	2,400	2,400	2,350	(50)
Other uses of funds	2,000,000	2,250,000	2,250,000	-
Total budgetary disbursements and other financing uses	<u>25,731,170</u>	<u>26,268,170</u>	<u>25,635,251</u>	<u>(632,919)</u>
Net change in fund balance	90,230	(446,770)	1,950,911	2,397,681
<b>Budgetary fund balance at beginning of year</b>	<u>11,555,677</u>	<u>11,555,677</u>	<u>11,555,677</u>	<u>-</u>
<b>Budgetary fund balance at end of year</b>	<u>\$ 11,645,907</u>	<u>\$ 11,108,907</u>	<u>\$ 13,506,588</u>	<u>\$ 2,397,681</u>

SEE ACCOMPANYING NOTES TO THE SUPPLEMENTARY INFORMATION

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 1 - BUDGETARY PROCESS**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Schedule of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual – (Non-GAAP Budgetary Basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis are as follows:

1. Outstanding year end encumbrances are treated as a cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (modified cash basis).
2. Some funds are included in the general fund (modified cash basis) but have separate legally adopted budgets (budgetary basis).

Adjustments necessary to convert the results of operations at the end of the year on the budgetary basis to the modified cash basis are as follows:

	<u>General</u>
Budgetary basis	\$ 1,950,911
Adjustment	15
Funds budgeted elsewhere	<u>23,567</u>
Modified cash basis	<u>\$ 1,974,493</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 public school support fund.

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE</b>	<b>ASSISTANCE LISTING NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION</b>	<b>TOTAL FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
<b>Child Nutrition Cluster</b>			
School Breakfast Program	10.553	2024	\$ 152,333
National School Lunch Program	10.555	2024	796,051
COVID-19 - National School Lunch Program	10.555	COVID-19, 2024	40,723
National School Lunch Program	10.555	2023	121,920
National School Lunch Program - Food Donation	10.555	2024	97,614
<b>Total National School Lunch Program</b>			<b>1,056,308</b>
<b>Total Child Nutrition Cluster and U.S. Department of Agriculture</b>			<b>1,208,641</b>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #4	21.027	COVID-19	8,987
<b>Total U.S. Department of the Treasury</b>			<b>8,987</b>
<b>NATIONAL ENDOWMENT FOR THE HUMANITIES</b>			
<i>Passed Through The Institute of Museum and Library Services</i>			
Grants to States	45.310	2023	1,122
<b>Total National Endowment for the Humanities</b>			<b>1,122</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	354,124
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	59,166
<b>Total Title I Grants to Local Educational Agencies</b>			<b>413,290</b>
<b>Special Education Cluster (IDEA)</b>			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	463,929
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	13,691
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	74,116
<b>Total Special Education-Grants to States (IDEA, Part B)</b>			<b>551,736</b>
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024	23,817
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2023	3,679
<b>Total Special Education-Preschool Grants (IDEA Preschool)</b>			<b>27,496</b>
<b>Total Special Education Cluster (IDEA)</b>			<b>579,232</b>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	66,437
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	8,643
<b>Total Supporting Effective Instruction State Grants</b>			<b>75,080</b>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	32,827
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	2,666,269
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Homeless Targeted Support Grant	84.425W	COVID-19, 84.425W, 2024	4,635
<b>Total Education Stabilization Fund</b>			<b>2,670,904</b>
<b>Total U.S. Department of Education</b>			<b>3,771,333</b>
<b>Total Federal Expenditures</b>			<b>\$ 4,990,083</b>

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



**VAN WERT CIT SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

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

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Van Wert City School District under programs of the federal government for the fiscal year ended June 30, 2024 and is prepared in accordance with the cash basis of accounting. 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 Van Wert City School District, it is not intended to and does not present the financial position or changes in net position of the Van Wert City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Van Wert City School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 – CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
*Government Auditing Standards***

Van Wert City School District  
Van Wert County  
205 West Crawford Street  
Van Wert, Ohio 45891

To the Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Van Wert City School District, Van Wert County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Van Wert City School District's basic financial statements and have issued our report thereon dated November 26, 2024, wherein we noted the Van Wert City School District uses a special purpose framework other than generally accepted accounting principles.

**Report on Internal Control over Financial Reporting**

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

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

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

Van Wert City School District

Van Wert County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Report on Compliance and Other Matters**

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

### **Van Wert City School District's Response to the Finding**

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

### **Purpose of this Report**

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



Julian & Grube, Inc.

November 26, 2024

**Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Van Wert City School District  
Van Wert County  
205 West Crawford Street  
Van Wert, Ohio 45891

To the Members of the Board of Education:

**Report on Compliance for Each Major Federal Program**

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

We have audited the Van Wert City School District's 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 the Van Wert City School District's major federal programs for the fiscal year ended June 30, 2024. The Van Wert City 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, the Van Wert City 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Van Wert City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Van Wert City School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

Van Wert City School District  
Van Wert County  
Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance  
Required by the Uniform Guidance

***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 Van Wert City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Van Wert City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Van Wert City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Van Wert City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Van Wert City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

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

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

Van Wert City School District  
Van Wert County  
Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance  
Required by the Uniform Guidance

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 26, 2024

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program(s) (listed):</i>	COVID-19 - Education Stabilization Fund (ALN 84.425); Child Nutrition Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

**VAN WERT CITY SCHOOL DISTRICT  
VAN WERT COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2024-001

Noncompliance - Annual Financial Report

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The School District prepares its financial statements in accordance with the modified cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

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





**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR § 200.511(b)**  
**JUNE 30, 2024**

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2023-001	Unknown	<u>Noncompliance</u> - Ohio Admin. Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the District prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than GAAP.	Not Corrected	Finding repeated as 2024-001 as the District did not prepare its annual financial report in accordance with GAAP.



**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**JUNE 30, 2024**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipation Completion Date</b>	<b>Responsible Contact Person</b>
2024-001	The Board of Education plans to continue reporting on a basis other than generally accepted accounting principles (GAAP).	Unknown	The Board of Education and Treasurer

# OHIO AUDITOR OF STATE KEITH FABER



**VAN WERT CITY SCHOOL DISTRICT**

**VAN WERT 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 1/28/2025**

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](http://www.ohioauditor.gov)