OHIO AUDITOR OF STATE
KEITH FABER

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 2023

TABLE OF CONTENTS
(Continued)

TITLE **PAGE**

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INDEPENDENT AUDITOR'S REPORT

Adena Local School District
Ross County
3367 County Road 550
Frankfort, Ohio 45628

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Adena Local School District, Ross County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio
February 12, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The Adena Local School District's (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended 2023. 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 notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets and deferred outflows exceeded its liabilities plus deferred inflows of resources at June 30, 2023 by $13,326,279.

- The School District's net position of governmental activities increased $759,276.

- General revenues accounted for $13,430,847 in revenue or 80 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $3,391,796 or 20 percent of total revenues of $16,822,643.

- The School District had $16,063,367 in expenses related to governmental activities; $3,391,796 of these expenses was offset by program specific charges for services and sales and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Adena Local School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other Non-Major funds presented in total in one column.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that position. These changes in net position are important because it tells the reader that, for the School District as a whole, the 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, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity.

- Governmental Activities. All of the School District's programs and services (except for fiduciary Funds) are reported here including instruction and support services.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 10. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major fund is the General 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 modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational support services. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund. Proprietary fund reporting focuses on the determination of operating revenues over (under) operating expenses and changes in net position. Proprietary funds are classified as enterprise or internal service and the School District only has an internal service fund which is used to account for the activity where the School District self insures a portion of the employees' dental coverage. This fund is reported using the accrual basis of accounting.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2023 compared to 2022.

Table 1
Net Position

	2023	2022
Assets:		
Current and Other Assets	$ 14,645,689	$ 12,951,679
Net OPEB Asset	1,153,807	940,321
Capital Assets, Net	16,521,183	17,160,127
Total Assets	32,320,679	31,052,127
Deferred Outflows of Resources:		
Pensions	3,193,851	3,356,723
OPEB	348,101	397,697
Total Deferred Outflows of Resources	3,541,952	3,754,420
Liabilities:		
Current and Other Liabilities	1,284,319	1,227,580
Long-Term Liabilities:		
Due Within One Year	129,461	140,873
Due in More than One Year:		
Net Pension Liabilities	12,775,076	7,624,389
Net OPEB Liabilities	762,574	1,015,923
Other Amounts	1,200,845	1,204,556
Total Liabilities	16,152,275	11,213,321
Deferred Inflows of Resources		
Pensions	1,099,496	6,053,389
OPEB	1,819,455	1,704,487
Property Taxes not Levied to Finance the Current Year	3,465,126	3,268,347
Total Deferred Inflows of Resources	6,384,077	11,026,223
Net Position:		
Net Investment in Capital Assets	16,201,183	16,723,184
Restricted	1,262,142	463,149
Unrestricted	(4,137,046)	(4,619,330)
Total Net Position	$ 13,326,279	$ 12,567,003

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total net position of the School District as a whole increased $759,276. Current and other assets increased primarily due to an increase in equity in pooled cash and cash equivalents and an increase in taxes receivable which was partially offset by a decrease in intergovernmental receivable. Noncurrent assets decreased due to depreciation expense which exceeded capital asset additions which was partially offset by increases in net OPEB asset due to OPEB calculations.

Deferred outflows of resources decreased primarily due to changes in the net pension and net OPEB actuarial calculations over which the School District has no ability to control. Current liabilities increased from the prior year due to increases in accrued wages and benefits and intergovernmental payables. Long-term liabilities increased primarily due to the increase in net pension liabilities. Deferred inflows of resources decreased due to changes in the net pension and net OPEB actuarial calculations over which the School District has no ability to control.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

Table 2
Change in Net Position

	2023	2022
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 444,894	$ 303,272
Operating Grants and Contributions	2,946,902	2,886,497
Total Program Revenues	3,391,796	3,189,769
General Revenues:		
Property and Other Local Taxes	3,959,635	3,413,747
Grants and Entitlements		
Not Restricted to Specific Programs	8,936,659	8,913,426
Grants and Entitlements Restricted for Classroom Facilities		
Not Restricted to Specific Programs	29,440	14,463
Investment Earnings	347,182	23,665
Income Tax	2,971	-
Miscellaneous	154,960	78,062
Total General Revenues	13,430,847	12,443,363
Total Revenues	16,822,643	15,633,132
Program Expenses		
Instruction:		
Regular	6,916,166	6,279,486
Special	2,530,109	2,115,547
Vocational	97,353	92,220
Student Intervention Services	181,461	196,138
Other	162,315	126,748
Support Services:		
Pupils	519,754	492,088
Instructional Staff	338,061	299,613
Board of Education	131,294	99,355
Administration	1,242,800	1,110,852
Fiscal	502,599	416,780
Operation and Maintenance of Plant	1,250,198	1,124,371
Pupil Transportation	1,043,522	786,209
Central	252,550	233,736
Operation of Non-Instructional Services	422,596	443,162
Extracurricular Activities	446,067	365,023
Interest and Fiscal Charges	26,522	39,458
Total Expenses	16,063,367	14,220,786
Change in Net Position	759,276	1,412,346
Net Position at Beginning of Year	12,567,003	11,154,657
Net Position at End of Year	$ 13,326,279	$ 12,567,003

Governmental Activities

Grants and entitlements not restricted to specific programs comprised 53 percent of revenue for governmental activities and tax revenue comprised 24 percent, while operating grants and contributions comprised 18 percent of revenue for governmental activities of the School District for fiscal year 2023. The increase in operating grants and contributions is primarily due to additional grants for the Student Wellness and Success program.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 43 percent of governmental program expenses with special instruction comprising 16 percent of governmental expenses. The increase in expenses is due mainly to pension and OPEB activity.

The Statement of Activities shows the cost of program services and the charges for services and sales and operating and capital grants and contributions offsetting those services. Table 3 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 entitlements and other general revenues.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 9,887,404	$ 7,576,280	$ 8,810,139	$ 6,738,722
Support Services	5,280,778	4,904,538	4,563,004	4,027,745
Operation of Non-Instructional Services	422,596	(83,079)	443,162	(92,494)
Extracurricular Activities	446,067	247,310	365,023	317,586
Interest and Fiscal Charges	26,522	26,522	39,458	39,458
Total Expenses	$ 16,063,367	$ 12,671,571	$ 14,220,786	$ 11,031,017

THE SCHOOL DISTRICT'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $17,745,824 and expenditures and other financing uses of $16,031,840. The net change in fund balance for the year in the General Fund was an increase by $565,098. The increase was primarily a result of increases in Taxes and intergovernmental revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, there were revisions to the General Fund budget. For the General Fund, the final budget basis revenue was $14,741,727, which was $798,605 above the original estimate amount of $13,943,122. Differences between the original and final budgeted revenues are due to higher-than-expected tax revenue received. The School District's final budgeted appropriations were $14,121,890 which was $700,448 above the original estimate of $13,421,442.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2023, the School District had $16,521,183 invested in its capital assets. Table 4 shows the fiscal year 2023 balances compared to 2022.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2023	2022
Land	$ 677,044	$ 677,044
Land Improvements	75,918	266,756
Buildings and Improvements	13,663,056	14,179,299
Furniture, Fixtures, Equipment and Textbooks	902,603	816,592
Vehicles	1,202,562	1,220,436
Totals	$ 16,521,183	$ 17,160,127

Changes in capital assets from the prior year resulted from current year additions as well as disposals and depreciation expense. See Note 8 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2023, the School District had no bonds outstanding. The School District had financed purchases outstanding of $320,000, of which $105,000 is due within one year. Table 5 summarizes the debt outstanding:

Table 5
Outstanding Debt at Year End
Governmental Activities

	2023	2022
Financed Purchase	$ 320,000	$ 436,943

See Note 14 to the basic financial statements for more detailed information related to the School District's debt and long-term obligations.

CURRENT ISSUES

The Adena Local School District is currently benefitting from additional state funding due to the new biennial state budget. For fiscal year 2023 revenues exceeded expenditures. The Adena Local Board of Education is continually searching for ways to minimize spending. All expenditures, including personnel costs, are strictly scrutinized so as not to deplete the carryover funds as quickly. The Adena Local Board of Education will continue to monitor the school's financial status to consider the need for potential levies.

The Adena Local Board of Education is dedicated to providing a quality education for our students and stabilizing the financial future for our School District. Our School District has taken a proactive approach by developing a school improvement plan. This plan addresses student and staff needs that assist our School District in becoming a School District of excellence. This quality education is exhibited by our consistent above average rating by the Ohio Department of Education.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kell Morton, Treasurer, Adena Local School District, 3367 County Road 550, Frankfort, Ohio 45628, or email at kell.morton@adenalocalschools.com.

Adena Local School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 10,597,124
Intergovernmental Receivable	116,854
Taxes Receivable	3,931,711
Noncurrent Assets:	
Net OPEB Asset	1,153,807
Nondepreciable Capital Assets	677,044
Depreciable Capital Assets, Net	15,844,139
Total Assets	32,320,679
Deferred Outflows of Resources	
Pension:	
State Teachers Retirement System	2,732,419
School Employees Retirement System	461,432
OPEB:	
State Teachers Retirement System	86,855
School Employees Retirement System	261,246
Total Deferred Outflows of Resources	3,541,952
Liabilities	
Current Liabilities:	
Accounts Payable	1,763
Accrued Wages and Benefits Payable	1,057,023
Intergovernmental Payable	222,234
Accrued Interest Payable	893
Claims Payable	2,406
Noncurrent Liabilities:	
Due Within One Year	129,461
Due in More Than One Year	
Net Pension Liability (See Note 10)	12,775,076
Net OPEB Liability (See Note 11)	762,574
Other Amounts Due in More Than One Year	1,200,845
Total Liabilities	16,152,275
Deferred Inflows of Resources	
Pensions:	
State Teachers Retirement System	980,534
School Employees Retirement System	118,962
OPEB:	
State Teachers Retirement System	1,001,352
School Employees Retirement System	818,103
Property Taxes not Levied to Finance Current Year Operations	3,465,126
Total Deferred Inflows of Resources	6,384,077
Net Position	
Net Investment in Capital Assets	16,201,183
Restricted for:	
Debt Service	1,772
Capital Outlay	518,209
Other Purposes	742,161
Unrestricted (Deficit)	(4,137,046)
Total Net Position	$ 13,326,279

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instruction:				
Regular	$6,916,166	$ 127,910	$ 493,580	$ (6,294,676)
Special	2,530,109	124,657	1,519,887	(885,565)
Vocational	97,353	1,153	37,349	(58,851)
Student Intervention Services	181,461	2,306	-	(179,155)
Other	162,315	4,282	-	(158,033)
Support Services:				
Pupils	519,754	9,621	-	(510,133)
Instructional Staff	338,061	19,893	153,555	(164,613)
Board of Education	131,294	1,647	-	(129,647)
Administration	1,242,800	15,760	2,103	(1,224,937)
Fiscal	502,599	10,132	31,552	(460,915)
Operation and Maintenance of Plant	1,250,198	22,058	56,794	(1,171,346)
Pupil Transportation	1,043,522	15,780	29,449	(998,293)
Central	252,550	3,689	4,207	(244,654)
Operation of Non-Instructional Services	422,596	59,735	445,940	83,079
Extracurricular Activities	446,067	26,271	172,486	(247,310)
Interest and Fiscal Charges	26,522	-	-	(26,522)
Total Governmental Activities	$ 16,063,367	$ 444,894	$ 2,946,902	(12,671,571)
General Revenues:				
Property Taxes Levied for:				
General Purposes				3,959,635
Income Tax				2,971
Grants and Entitlements not Restricted to Specific Programs				8,936,659
Gifts and Donations not Restricted to Specific Programs				29,440
Investment Earnings				347,182
Miscellaneous				154,960
Total General Revenues				13,430,847
Change in Net Position				759,276
Net Position Beginning of Year				12,567,003
Net Position End of Year				$ 13,326,279

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Balance Sheet
Governmental Funds
June 30, 2023

	General	All Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	$ 8,808,046	$ 1,296,441	$ 10,104,487
Interfund Receivable	65,610	-	65,610
Intergovernmental Receivable	56,664	60,190	116,854
Taxes Receivable	3,931,711	-	3,931,711
Total Assets	$ 12,862,031	$ 1,356,631	$ 14,218,662
LIABILITIES:			
Accounts Payable	$ 1,763	$ -	$ 1,763
Accrued Wages and Benefits	1,002,237	54,786	1,057,023
Interfund Payable	-	65,610	65,610
Intergovernmental Payable	206,005	16,229	222,234
Total Liabilities	1,210,005	136,625	1,346,630
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes not Levied to Finance Current Year Operations	3,465,126	-	3,465,126
Unavailable Revenue - Delinquent Taxes	166,287	-	166,287
Unavailable Revenue - Grants	-	56,404	56,404
Total Deferred Inflows of Resources	3,631,413	56,404	3,687,817
FUND BALANCES:			
Restricted	-	1,250,099	1,250,099
Committed	360,950	-	360,950
Assigned	567,438	-	567,438
Unassigned (Deficit)	7,092,225	(86,497)	7,005,728
Total Fund Balances	8,020,613	1,163,602	9,184,215
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 12,862,031	$ 1,356,631	$ 14,218,662

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$	9,184,215
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			16,521,183
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.			
Taxes	166,287		
Intergovernmental	56,404		
Total			222,691
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the funds.			
Deferred outflows of resources related to pensions	3,193,851		
Deferred outflows of resources related to OPEB	348,101		
Deferred inflows of resources related to pensions	(1,099,496)		
Deferred inflows of resources related to OPEB	(1,819,455)		
Net Pension Liability	(12,775,076)		
Net OPEB Asset	1,153,807		
Net OPEB Liability	(762,574)		
Total			(11,760,842)
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.			490,231
Long-term liabilities, including financed purchase obligations, accrued interest payable, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated Absences	(1,010,306)		
Interest Payable	(893)		
Financed Purchase Obligations	(320,000)		
Total			(1,331,199)
Net Position of Governmental Activities		$	13,326,279

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property and Other Taxes	$ 3,917,336	$ -	$ 3,917,336
Intergovernmental	9,730,145	2,491,385	12,221,530
Interest	337,723	9,459	347,182
Tuition and Fees	117,227	-	117,227
Extracurricular Activities	47,455	152,426	199,881
Gifts and Donations	13,875	15,565	29,440
Customer Sales and Services	-	127,786	127,786
Miscellaneous	151,874	10,148	162,022
Total Revenues	14,315,635	2,806,769	17,122,404
EXPENDITURES:			
Current:			
Instruction:			
Regular	5,525,143	395,610	5,920,753
Special	1,817,123	704,672	2,521,795
Vocational	93,796	-	93,796
Student Intervention Services	181,461	-	181,461
Other	158,224	-	158,224
Support Services:			
Pupils	502,644	21,988	524,632
Instructional Staff	207,704	113,852	321,556
Board of Education	131,554	-	131,554
Administration	1,189,131	1,050	1,190,181
Fiscal	480,082	28,748	508,830
Operation and Maintenance of Plant	1,180,052	49,856	1,229,908
Pupil Transportation	948,646	27,572	976,218
Central	247,749	3,731	251,480
Operation of Non-Instructional Services	28,072	400,915	428,987
Extracurricular Activities	267,777	153,204	420,981
Capital Outlay	156,016	248,583	404,599
Debt Service:			
Principal	11,943	105,000	116,943
Interest	-	26,522	26,522
Total Expenditures	13,127,117	2,281,303	15,408,420
Excess of Revenues Over (Under) Expenditures	1,188,518	525,466	1,713,984
OTHER FINANCING SOURCES AND (USES):			
Transfers In	-	623,420	623,420
Transfers Out	(623,420)	-	(623,420)
Total Other Financing Sources and (Uses)	(623,420)	623,420	-
Net Change in Fund Balances	565,098	1,148,886	1,713,984
Fund Balances at Beginning of Year	7,455,515	14,716	7,470,231
Fund Balances at End of Year	$ 8,020,613	$ 1,163,602	$ 9,184,215

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$ 1,713,984
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	404,600	
Current Year Depreciation	(1,028,017)	
Total		(623,417)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the loss on the disposal of capital assets.		
Disposal of Capital Assets	(15,527)	
Total		(15,527)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	45,270	
Intergovernmental	(337,969)	
Miscellaneous	(7,062)	
Total		(299,761)
Repayments of financed purchase obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		116,943
Contractually required contributions related to pensions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		1,092,362
Contractually required contributions related to OPEB are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		40,007
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,452,028)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense in the statement of activities.		262,264
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		26,269
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Increase in Compensated Absences	(101,820)	
Total		(101,820)
Net Change in Net Position of Governmental Activities		$ 759,276

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
Total Revenues and Other Financing Sources	$ 13,943,122	$ 14,741,727	$ 14,741,727	$ -
Total Expenditures and Other Financing Uses	13,421,442	14,121,890	14,109,772	12,118
Net Change in Fund Balance	521,680	619,837	631,955	12,118
Fund Balance at Beginning of Year	7,296,971	7,296,971	7,296,971	-
Prior Year Encumbrances Appropriated	281,975	281,975	281,975	-
Fund Balance at End of Year	$ 8,100,626	$ 8,198,783	$ 8,210,901	$ 12,118

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

Statement of Fund Net Position

Governmental Activities - Internal Service Fund

June 30, 2023

	Internal Service
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 492,637
Total Assets	492,637
LIABILITIES:	
Current Liabilities:	
Claims Payable	2,406
Total Liabilities	2,406
NET POSITION:	
Unrestricted	490,231
Total Net Position	$ 490,231

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

Statement of Revenues, Expenses and Changes in Fund Net Position
Governmental Activities - Internal Service Fund
For the Fiscal Year Ended June 30, 2023

		Internal Service
OPERATING REVENUES:		
Charges for Services	$	118,110
Total Operating Revenues		118,110
OPERATING EXPENSES:		
Purchased Services		4,478
Claims		87,363
Total Operating Expenses		91,841
Changes in Net Position		26,269
Net Position at Beginning of Year		463,962
Net Position at End of Year	$	490,231

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Statement of Cash Flows
Governmental Activities - Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	Internal Service
Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided and Used	$ 118,110
Cash Payments for Claims	(91,393)
Cash Payments for Purchased Services	(4,478)
Net Cash Used for Operating Activities	22,239
Cash and Cash Equivalents at Beginning of Year	470,398
Cash and Cash Equivalents at End of Year	$ 492,637
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Income	$ 26,269
Changes in Assets and Liabilities:	
Decrease in Claims Payable	(4,030)
Net Cash Used for Operating Activities	$ 22,239

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Adena Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District provides educational services as authorized by State statute and/or federal guidelines. 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 was established in 1965 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 123 square miles. It is located in Ross County, and includes all of the Villages of Clarksburg and Frankfort, and portions of Concord, Deerfield, and Union Townships. It is staffed by 68 non-certificated employees, 77 certificated full-time teaching personnel and 5 administrative employees who provide services to 1,160 students and other community members. The School District currently operates two instructional buildings.

Reporting Entity

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

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

The School District participates in six organizations, three of which are defined as jointly governed organizations, and two as insurance purchasing pools, and one as a public entity shared risk servicing pool. These organizations are the Metropolitan Educational Technology Association (META), the Pickaway-Ross County Career and Technology Center, the Great Seal Education Network of Tomorrow, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Ross County School Employees Insurance Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental and those that are classified as business-type, however, the School District has no activities that are classified as business-type.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues 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. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities 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 are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The School District has no fiduciary funds.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee dental insurance. In the statement of activities internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for internal service funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension/OPEB liabilities (assets), and the recording of net pension/OPEB liabilities (asset).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Deferred Inflows of Resources Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions and other postemployment benefits. The deferred outflows of resources related to the pensions and postemployment benefits are explained in Notes 10 and 11. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes, interest and grants which are not collected in the available period, pensions, and postemployment benefits. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is primarily due to delinquent property taxes, interest and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and postemployment benefits are reported on the Statement of Net Position. (See Notes 10 and 11)

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

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

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when the permanent appropriations for the fiscal year were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when the final appropriations for the fiscal year were passed.

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

F. Cash and Cash Equivalents

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

During fiscal year 2023 the School District’s investments were limited to the State Treasury Assets Reserve of Ohio (STAROhio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 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 revenue credited to the General Fund and the All Other Governmental Funds during fiscal year 2023 amounted to $337,723 and $9,459 respectively.

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

G. Capital Assets

The School District’s only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Description	Estimated Lives
Land Improvements	7-30 years
Buildings and Improvements	50 years
Furniture, Fixtures, Equipment, and Textbooks	5 – 20 years
Vehicles	7-8 years

H. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables". These amounts are eliminated in the governmental activities column of the statement of net position.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 15 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

J. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred outflows and inflows related to the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position include various grants and other resources restricted for various purposes. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the School District's restricted net position, none are restricted by enabling legislation.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generating directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for high deductibles for healthcare provided to employees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

M. Interfund Transactions

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

N. Estimates

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

O. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents legally required to be set-aside by the School District for capital improvements and cash held as retainage for contractors. See Note 15 for additional information regarding set-asides.

P. Fund Balance

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the 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 policies of the School District Board of Education.

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

Q. Pensions and Other PostEmployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension 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.

R. Prepaid Items

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

NOTE 3 – ACCOUNTABILITY

At June 30, 2023, the Early Childhood, Elementary/Secondary School Emergency Relief Fund, Title I, Title IV, IDEA Restoration, and Title VI-R, IDEA-Restoration, and Funds had deficit fund balances of $28,529, $34,639, $905, $21,871, $482, and $71, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).

4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance
General Fund

GAAP Basis	$ 565,098
Revenue Accruals	425,322
Expenditure Accruals	(140,484)
Perspective Difference:	
Activity of Funds Reclassified	
for GAAP Reporting Purposes	(11,691)
Encumbrances	(206,290)
Budget Basis	$ 631,955

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided 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 the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

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

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

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

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

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 the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $59,312 of the School District's bank balance of $309,312 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

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

	Market Value	Weighted Average Maturity (Yrs.)
STAROhio	$10,398,890	< 1 yr

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. As discussed further in Note 2F, STAR Ohio is reported at its share price.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the School District manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits its investments to STAROhio. Investments in STAROhio were rated AAAm by Standard & Poor's. The School District's policy does not address credit risk beyond the requirements of the Ohio Revised Code.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in STAROhio, repurchase agreements, certificates of deposit or investments with financial institutions within the State of Ohio as designated by the Federal Reserve Board. The policy places no limit on how much can be invested in a single issuer. The School District has invested 100% of its investments in STAROhio.

Custodial Credit Risk - 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. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District's policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code.

NOTE 6 - 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 distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 21. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021 were levied after April 1, 2022, and are collected in 2023 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residental and Other Real Estate	$147,558,010	85.48%	$ 181,420,460	87.96%
Public Utility	25,061,340	14.52%	24,841,890	12.04%
Total Assessed Value	$172,619,350	100.00%	$ 206,262,350	100.00%
Tax rate per $1,000 of assessed valuation	$ 33.80		$ 33.80	

NOTE 6 - PROPERTY TAXES (Continued)

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2023 was $297,327 in the General Fund is recognized as revenue.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023 consisted of taxes, accounts, notes, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Major Fund:	
General	$56,664
Non-Major Special Revenue Funds:	
Lunchroom Fund	1,981
Title IV	18,927
Elementary/Secondary School Emergency Relief	25,051
Title I	7,843
Early Childhood	6,388
Total Non-Major	60,190
Total Intergovernmental Receivables	$116,854

NOTE 8 - CAPITAL ASSETS

A summary of the changes in general capital assets during fiscal year 2023 follows:

	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023
Capital Assets:				
Capital Assets not being depreciated:				
Land	$ 677,044	$ -	$ -	$ 677,044
Total Capital Assets not being Depreciated	677,044	-	-	677,044
Depreciable Capital Assets:				
Land Improvements	3,061,852	-	-	3,061,852
Buildings and Improvements	29,229,083	58,494	-	29,287,577
Furniture, Fixtures, Equipment and Textbooks	3,799,192	307,953	(88,655)	4,018,490
Vehicles	1,998,166	38,153	-	2,036,319
Total Capital Assets being Depreciated	38,088,293	404,600	(88,655)	38,404,238
Less Accumulated Depreciation				
Land Improvements	(2,795,096)	(190,838)	-	(2,985,934)
Buildings and Improvements	(15,049,784)	(574,737)	-	(15,624,521)
Furniture, Fixtures, Equipment and Textbooks	(2,982,600)	(206,415)	73,128	(3,115,887)
Vehicles	(777,730)	(56,027)	-	(833,757)
Total Accumulated Depreciation	(21,605,210)	(1,028,017)	73,128	(22,560,099)
Total Capital Assets being Depreciated, Net	16,483,083	(623,417)	(15,527)	15,844,139
Capital Assets, Net	$ 17,160,127	$ (623,417)	$ (15,527)	$16,521,183

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$867,839
Special	1,050
Vocational	256
Support Services:	
Pupils	2,433
Instructional Staff	1,440
Administration	243
Fiscal	545
Operation and Maintenance of Plant	43,349
Pupil Transportation	75,634
Extracurricular Activities	6,885
Operation of Non-Instructional Services	28,343
Total Depreciation Expense	$ 1,028,017

NOTE 9 - 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. The School District participates in the Wright Specialty Insurance school insurance program, a public entity insurance purchasing pool. Each individual school district enters into an agreement with Wright Specialty Insurance and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Wright Specialty Insurance.

Buildings and Contents - replacement cost ($2,500 deductible)	$ 41,465,483
General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit	3,000,000
Personal and Advertising Injury - Each Offense Limit	3,000,000
General Aggregate Limit	5,000,000
Products - Completed Operations Limit	3,000,000
Employee Benefits Liability Endorsement:	
Employee Benefits Injury - Each Offense Limit	3,000,000
Employee Benefits Injury - Aggregate Limit	5,000,000
Employer's Liabilty and Stop Gap Endorsement:	
Bodily Injury by Accident - Each Accident Limit	3,000,000
Bodily Injury by Disease - Endorsement Limit	3,000,000
Bodily Injury by Disease - Each Employee Limit	3,000,000
Education Legal Liability Coverage ($2,500 deductible):	
Errors and Ommissions Injury Limit	3,000,000
Errors and Ommissions Injury Aggregate Limit	5,000,000
Employment Practices Injury Limit	3,000,000
Employment Practices Injury Aggregate Limit	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District evaluated its insurance coverages and modified as necessary for the current fiscal year.

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

The School District is a member of the Ross County Insurance Consortium, a public entity shared risk pool (Note 17), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the Ross County Insurance Consortium as fiscal agent, who in turns pays the claims on the School District's behalf. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the Consortium shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Consortium.

NOTE 9 - RISK MANAGEMENT (Continued)

The School District is self-insured for dental insurance through Professional Risk Management, a Meritain Health Company. The claims liability of $2,406 reported in the Internal Service Fund at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Premiums are paid from the same funds that pay the employees' salaries.

Changes in claims activity for the past two fiscal years follow:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2022	5,033	82,791	81,388	6,436
2023	6,436	87,363	91,393	2,406

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension 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 and 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 and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and 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 this estimate 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 are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB Statements No. 68/75 assume the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for the 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 pension plans to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - School Employees Retirement System (SERS)

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

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2023.

The School District's contractually required contribution to SERS was $294,287 for fiscal year 2023. Of this amount $19,398 is reported as an intergovernmental payable.

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description - State Teachers Retirement System (STRS)

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 Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age.

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 DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. 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 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The School District's contractually required contribution to STRS Ohio was $846,818 for fiscal year 2023. Of this amount $148,988 is reported as an intergovernmental payable.

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

The net pension liability disclosed as current year below was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0530495%	0.044560010%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0520931%	0.044598391%	
Change in Proportionate Share	0.0009564%	-0.000038381%	
Proportion of the Net Pension Liability	$2,869,330	$9,905,746	$12,775,076
Pension Expense (Gain)	$224,895	$1,227,133	$1,452,028

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$116,210	$126,807	$243,017
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	52,380	247,661	300,041
Changes of assumptions	28,312	1,185,420	1,213,732
Differences between projected and actual investment earnings	-	344,699	344,699
School District contributions subsequent to the measurement date	264,530	827,832	1,092,362
Total	$461,432	$2,732,419	$3,193,851

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$18,836	$37,892	$56,728
Differences between projected and actual investment earnings	100,126	0	100,126
Changes of assumptions	0	892,281	892,281
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	0	50,361	50,361
Total	$118,962	$980,534	$1,099,496

$1,092,362 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$55,094	$75,574	$130,668
2025	(516)	38,806	38,290
2026	(143,032)	(194,929)	(337,961)
2027	166,394	1,004,602	1,170,996
Total	$77,940	$924,053	$1,001,993

Actuarial Assumptions – SERS

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

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS (Continued)

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

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

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

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS (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 %	-0.45%
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$4,223,516	$2,869,330	$1,728,446

Assumptions and Benefit Changes Since the Prior Measurement Date - There were no changes in assumptions or benefits since the prior measurement date.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50 %	2.50 %
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %	12.50 % at age 20 to 2.50% at age 65
Payroll increases	3.00 %	3.00 %
COLA or Ad Hoc COLA	0.00 %	0.00 %
Discount rate of return	7.00 %	7.00 %
Investment Rate of Return	7.00 percent net of investment expenses, including inflation	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

For the June 30, 2022 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the June 30, 2021 actuarial valuations, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (continued)

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS 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, 2022. 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, 2022.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$14,963,977	$9,905,746	$5,628,050

Changes Between the Measurement Date and the Reporting date STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 11 – POSTEMPLOYMENT BENEFITS

See Note 10 for a description of the net OPEB liability (asset).

School Employees Retirement System

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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $40,007.

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

School Employees Retirement System (Continued)

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2023. The School District's contractually required contribution to SERS was $40,007 for fiscal year 2023. Of this amount, $40,007 is reported as an intergovernmental payable.

State Teachers Retirement System of Ohio

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 premium reimbursement elimination was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0543140%	0.044560010%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	0.0536792%	0.044598391%	
Change in Proportionate Share	0.0006348%	-0.000038381%	
Proportion of the Net OPEB Liability	$762,574	$0	$762,574
Proportion of the Net OPEB (Asset)	$0	($1,153,807)	($1,153,807)
OPEB Expense (Gain)	($50,057)	($212,207)	($262,264)

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (continued)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$6,411	$16,726	$23,137
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	89,568	896	90,464
Changes of assumptions	121,297	49,148	170,445
Differences between projected and actual investment earnings	3,963	20,085	24,048
School District contributions subsequent to the measurement date	40,007	-	40,007
Total	$261,246	$86,855	$348,101

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$487,797	$173,279	$661,076
Changes of assumptions	313,042	818,160	1,131,202
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	17,264	9,913	27,177
Total	$818,103	$1,001,352	$1,819,455

$40,007 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($142,947)	($268,922)	($411,869)
2025	(134,447)	(264,652)	(399,099)
2026	(112,692)	(125,737)	(238,429)
2027	(70,587)	(51,333)	(121,920)
2028	(50,428)	(67,293)	(117,721)
Thereafter	(85,763)	(136,560)	(222,323)
Total	($596,864)	($914,497)	($1,511,361)

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Municipal Bond Index Rate:	3.69 %	1.92 %
Single Equivalent Interest Rate, Net of Plan Investment Expense, Including Price Inflation	4.08 %	2.27 %
Medical Trend Assumption	7.00 to 4.40 %	
Medicare		5.125 to 4.400 %
Pre-Medicare		6.750 to 4.400 %

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

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – SERS (continued)

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

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

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

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

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

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – SERS (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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%).

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$947,129	$762,574	$613,589

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB liability	$588,082	$762,574	$990,490

Actuarial Assumptions – STRS

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

	June 30, 2022		June 30, 2021	
Inflation	2.50 %		2.50 %	
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %		12.50 % at age 20 to 2.50% at age 65	
Payroll increases	3.00 %		3.00 %	
Cost-of-living adjustments (COLA)	0.00 %		0.00 %	
Discount rate of return	7.00 %		7.00 %	
Investment Rate of Return	7.00 percent net of investment expenses, including inflation		7.00 percent net of investment expenses, including inflation	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

For the June 30, 2022 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 Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the June 30, 2021 actuarial valuations, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022 and was 7.45% as of June 30, 2021. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of

NOTE 11 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – STRS (Continued)

7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table represents the net OPEB liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OEPB (asset) 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. Also shown is the net OPEB (asset) liability 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.

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Scxhool District's proportionate share of the net OPEB (asset) liability	($1,066,664)	($1,153,807)	($1,228,452)

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset) liability	($1,196,778)	($1,153,807)	($1,099,566)

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

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

NOTE 12 - 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 and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated employees receive payment for one-fourth of accumulated sick days with maximum payments as follows: Employees, upon retirement, receive payment for one-fourth of accumulated sick days with maximum payments up to 55 days.

B. Life Insurance

The School District provides life insurance to most employees through American United Life.

NOTE 12 - OTHER EMPLOYEE BENEFITS (continued)

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 13 – FINANCED PURCHASES

During the 2014 fiscal year, the School District entered into a financed purchase agreement for copiers. During the 2011 fiscal year, the School District entered into a financed purchase agreement for the installation, construction, and repair of energy conservation equipment.

The financed purchase payments are paid from the General Fund and the Debt Service Fund. Future payments are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	105,000	19,046	124,046
2025	105,000	11,570	116,570
2026	110,000	3,916	113,916
Total	$ 320,000	$ 34,532	$ 354,532

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Amount Outstanding 06/30/2022	Additions	Deductions	Amount Outstanding 06/30/2023		Amount Due Within One Year
Net Pension Liability:						
STRS	5,702,305	4,203,441	-	9,905,746		-
SERS	1,922,084	947,246	-	2,869,330		-
Net OPEB Liability:						
STRS	-	-	-	-	*	-
SERS	1,015,923	-	253,349	762,574		-
Other Long-Term Obligations:						
Financed Purchases	436,943	-	116,943	320,000		105,000
Compensated Absences Payable	908,486	946,801	844,981	1,010,306		24,461
Total Long-Term Obligations	$ 9,985,741	$ 6,097,488	$ 1,215,273	$ 14,867,956		$ 129,461

*OPEB for STRS has a Net OPEB asset in the amount of $1,153,807 as of June 30, 2023.

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Compensated absences will be paid from the Termination of Benefits Special Revenue Fund.

The School District's overall legal debt margin was $18,563,612 with an unvoted debt margin of $206,262 at June 30, 2023.

NOTE 15 – SET-ASIDE CALCULATIONS

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

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

	Capital Improvements
Set-aside Reserve Balance as of June 30, 2022	$ -
Current Year Set-aside Requirement	254,018
Current Year Offsets	(230,005)
Current Year Disbursements	(24,013)
Set-aside Reserve Balance as of June 30, 2023	$ -

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META $49,300 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Pickaway-Ross County Career and Technology Center

The Pickaway-Ross County Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, each of which possesses its own budgeting and taxing authority. The Center provides vocational instruction to students in both Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross County Career and Technology Center, Todd Stahr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

Great Seal Education Network of Tomorrow

The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members. The Council possesses its own budgeting and taxing authority. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

NOTE 17 –INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

Ross County School Employees Insurance Consortium

The Ross County School Employees Insurance Consortium (the "Consortium"), a shared risk pool, currently operates to provide medical and dental insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Seven school districts within Ross County and its surrounding area have entered into an agreement with the Ross-Pike Educational Service District to form the Ross County School Employees Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of medical and dental insurance for the benefit of the Consortium members' employees and their dependents, to obtain lower costs for insurance coverage, and to secure cost control by implementing a program of comprehensive loss control. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. The Consortium maintains a reserve in the amount of $232,986 that is held on behalf of the School District. This reserve is not reported on the School District's financial statements. If the School District were to leave the Consortium, the School District might receive a portion of this reserve held on their behalf depending on how long they have participated in the Consortium. This reserve may also be used to pay run-out claims and other costs before the School District would receive any monies. Accordingly, the Ross County School Employees Insurance Consortium is not part of the School District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The School District only uses the Ohio School Plan to secure bonding for employees of the School District. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, treasurers, a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from the Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

NOTE 18 – INTERFUND ACTIVITY

Interfund Transfers

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds and for paying the H.B. 264 Debt. The Debt Retirement Nonmajor Fund received a transfer in the amount $123,420 from the General Fund. Permanent Improvement Fund also received a transfer of $500,000 from the General Fund.

Interfund Advances

Interfund balances at June 30, 2023 consist of the following individual fund receivables and payables, which are expected to be repaid during the 2023 fiscal year:

Interfund Loans	Receivable	Payable
General Fund	$ 65,610	
Nonmajor Special Revenue Funds:		
Lunchroom		7,293
Private Purpose Trust		500
District Managed Activities		176
Title II-A		483
Early Childhood Education		6,388
ESSER		23,820
Title I		8,597
Title IV		18,353
Total Nonmajor Special Revenue Funds	-	65,610
Total Other Governmental Funds	-	65,610
Total Interfund Receivables/Payables	$ 65,610	$ 65,610

The amounts due to the General fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis and also advanced monies to the debt service. The General fund will be reimbursed when funds become available in the non-major special revenue funds and the debt service fund.

NOTE 19 - CONTINGENCIES

Grants

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

Litigation

The School District is not currently party to any legal proceedings.

NOTE 19 – CONTINGENCIES (Continued

Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustment for fiscal year 2023 were finalized and determined to not be significant, therefore the adjustments were not recorded in the accompanying financial statements. Additional ODE adjustments for fiscal year 2023 have not been finalized.

NOTE 20 – FUND BALANCES

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

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for			
Other Purposes	$ -	$ 82,369	$ 82,369
Student Wellness & Success	-	49,168	49,168
Lunchroom	-	298,581	298,581
Miscellaneous State Grants	-	300,000	300,000
Capital Projects	-	518,209	518,209
Debt Services Payments	-	1,772	1,772
Total Restricted	-	1,250,099	1,250,099
Committed to			
Termination Benefits	360,950	-	360,950
Assigned to			
FY2024 Appropriations	362,911	-	362,911
Other Purposes	204,527	-	204,527
Total Assigned	567,438	-	567,438
Unassigned (Deficit)	7,092,225	(86,497)	7,005,728
Total Fund Balances	$ 8,020,613	$ 1,163,602	$ 9,184,215

NOTE 21 – COMMITMENTS

Encumbrances

At June 30, 2023, the School District had significant encumbrance commitments in the following governmental fund:

Fund	Amount
Major Fund:	
General	$206,209
Nonmajor Funds:	
Student Wellness and Success	49,168
ESSER	14,118
Total Encumbrances	$269,495

NOTE 22 – NEW ACCOUNTING PRINCIPLES

For fiscal year 2023, the School District has implemented GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset— and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

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.

NOTE 22 – NEW ACCOUNTING PRINCIPLES (Continued)

GASB Statement No. 99 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.

NOTE 23 – OTHER MATTERS OF POTENTIAL SIGNIFICANCE

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 fiscal year 2023. During fiscal year 2023, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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Adena Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0530495%	0.0520931%	0.0492421%	0.0482967%	0.0481994%	0.0509768%	0.0531813%	0.0555530%	0.0505370%	0.0505370%
School District's proportionate share of the net pension liability	$ 2,869,330	$ 1,922,084	$ 3,256,976	$ 2,889,676	$ 2,760,469	$ 3,045,751	$ 3,892,380	$ 3,169,908	$ 2,557,649	$ 3,005,273
School District's covered payroll	$ 1,981,700	$ 1,756,329	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614	$ 1,672,382	$ 1,468,514	$ 1,704,870
School District's proportionate share of the net pension liability as a percentage of its covered payroll	144.79%	109.44%	188.67%	160.20%	171.71%	184.29%	235.67%	189.54%	174.17%	176.28%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Amouns presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.04456001%	0.04459839%	0.04299106%	0.04278455%	0.04344194%	0.04371560%	0.04374721%	0.04410304%	0.04533599%	0.04533599%
School District's proportionate share of the net pension liability	$ 9,905,746	$ 5,702,305	$ 10,402,307	$ 9,461,546	$ 9,551,907	$ 10,384,734	$ 14,643,510	$ 12,188,790	$ 11,027,282	$ 13,135,626
School District's covered payroll	$ 5,793,014	$ 5,503,150	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050	$ 4,601,414	$ 4,632,231	$ 4,856,469
School District's proportionate share of the net pension liability as a percentage of its covered payroll	170.99%	103.62%	200.49%	184.42%	193.41%	216.08%	318.13%	264.89%	238.06%	270.48%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%	77.31%	75.29%	66.80%	72.09%	74.71%	69.30%

Amouns presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena Local School District
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 294,287	$ 277,438	$ 245,886	$ 241,685	$ 243,514	$ 217,034	$ 231,371	$ 231,226	$ 220,420	$ 203,536	$ 235,954
Contributions in relation to the contractually required contribution	(294,287)	(277,438)	(245,886)	(241,685)	(243,514)	(217,034)	(231,371)	(231,226)	(220,420)	(203,536)	(235,954)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 2,102,050	$ 1,981,700	$ 1,756,329	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614	$ 1,672,382	$ 1,468,514	$ 1,704,870
Contributions as a percentage of covered payroll	14.00%	14.00%	13.67%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to the required supplementary information.

Adena Local School District
Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 846,818	$ 811,022	$ 770,441	$ 726,369	$ 718,260	$ 691,406	$ 672,839	$ 644,427	$ 644,198	$ 602,190
Contributions in relation to the contractually required contribution	(846,818)	(811,022)	(706,224)	(726,369)	(718,260)	(691,406)	(672,839)	(644,427)	(644,198)	(602,190)
Contribution deficiency (excess)	$ -	$ -	$ 64,217	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered payroll	$ 6,048,700	$ 5,793,014	$ 5,503,150	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050	$ 4,601,414	$ 4,632,231
Contributions as a percentage of covered payroll	14.00%	14.00%	12.83%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

Adena Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

Last Seven Years (1)

	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.0543140%	0.0536792%	0.0512011%	0.0495222%	0.0489091%	0.0515982%	0.0538554%
School District's proportionate share of the net OPEB liability	$ 762,574	$ 1,015,923	$ 1,112,767	$ 1,245,379	$ 1,356,871	$ 1,384,760	$ 1,535,079
School District's covered payroll	$ 1,981,700	$ 1,756,329	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.48%	57.84%	64.46%	69.04%	84.40%	83.79%	92.94%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)

State Teachers Retirement System of Ohio

Last Seven Years (1)

	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability (asset)	0.04456001%	0.04459839%	0.04299106%	0.04278455%	0.04344194%	0.04371560%	0.04374721%
School District's proportionate share of the net OPEB liability (asset)	$ (1,153,807)	$ (940,321)	$ (755,567)	$ (708,615)	$ (698,068)	$ 1,705,621	$ 2,339,612
School District's covered payroll	$ 5,793,014	$ 5,503,150	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-19.92%	-17.09%	-14.56%	-13.81%	-14.13%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena Local School District

Required Supplementary Information

Schedule of School District OPEB Contributions

School Employees Retirement System of Ohio

Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 40,007	$ 35,830	$ 34,319	$ 33,378	$ 39,371	$ 34,506	$ 27,514	$ 27,088
Contributions in relation to the contractually required contribution	(40,007)	(35,830)	(34,319)	(33,378)	(39,371)	(34,506)	(27,514)	(27,088)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 2,102,050	$ 1,981,700	$ 1,798,121	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614
Contributions as a percentage of covered payroll	1.90%	1.81%	1.91%	1.93%	2.18%	2.15%	1.66%	1.64%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Adena Local School District

Required Supplementary Information

Schedule of School District OPEB Contributions

State Teachers Retirement System of Ohio

Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered payroll	$ 6,048,700	$ 5,793,014	$ 5,503,150	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

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

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Pension (continued)

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023: The following change of assumptions affected the total pension liability since the prior measurement date:

(1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.45% to 7.00%,
(2) The discount rate of return was reduced from 7.45% to 7.00%,

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The municipal bond index rate went from 1.92% to 3.69%
(2) The single equivalent interest rate when from 2.27% to 4.08% medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Wage inflation decreased from 3.00% to 2.40%
(2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
(3) Investment rate of return decreased from 7.50% to 7.00%
(4) The discount rate decreased from 7.50% to 7.00%
(5) Municipal Bond Index Rate:
 Prior Measurement Date 2.45%
 Measurement Date 1.92%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 Prior Measurement Date 2.63%
 Measurement Date 2.27%
(7) Mortality tables changes from the RP=2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below median Health Retiree mortality table.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.22% to 2.63%
(2) Municipal Bond Index Rate:
 Prior Measurement Date 3.13%
 Measurement Date 2.45%

2020: The discount rate was changed from 3.70% to 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.63% to 3.70%
(2) Municipal Bond Index Rate:
 Prior Measurement Date 3.56%
 Measurement Date 3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 Prior Measurement Date 3.63%
 Measurement Date 3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
 Fiscal Year 2018 3.63%
 Fiscal Year 2017 2.98%
(2) Municipal Bond Index Rate:
 Fiscal Year 2018 3.56%
 Fiscal Year 2017 2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 Fiscal Year 2018 3.63%
 Fiscal Year 2017 2.98%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2023: The projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50%. The health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

2022: The long-term expected rate of return was reduced from 7.45% to 7.00%. The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year. The health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

2021: The health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

2020: The health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program	10.555		$ 33,546
Cash Assistance:			
National School Lunch Program-2023	10.555		135,630
National School Lunch Program-2022	10.555		181,229
COVID-19 Food Service supply Chain	10.555		2,623
Total - School Lunch Program			353,028
National School Breakfast Program-2023	10.553		34,081
National School Breakfast Program-2022	10.553		26,433
Total - School Breakfast Program			60,514
Total Child Nutrition Cluster			413,542
COVID-19 Pandemic EBT	10.649		628
Total U.S. Department of Agriculture			**414,170**
U.S. DEPARTMENT OF EDUCATION			
Passed through Ohio Department of Education			
Title I			
Title I - FY 23	84.010		238,655
Expanding Opportunities for Each Child	84.010		903
Total Title I			239,558
Special Education Cluster:			
Special Education Grants to States			
IDEA Part B - FY 23	84.027		273,074
IDEA Part B - FY 22	84.027		7,047
COVID 19 ARP IDEA	84.027		11,372
Total IDEA Part B			291,493
Preschool Restoration FY 23	84.173		9,481
Total Special Education Cluster			300,974
Title II -A Improving Teacher Quality - FY 23	84.367		39,424
Title II-A Improving Teacher Quality - FY 22	84.367		14,368
Total Title II-A Improving Teacher Quality			53,792
Title IV-A-Student Support & Academic Enrichment FY 23	84.424		18,353
Title IV-A-Student Support & Academic Enrichment FY 22	84.424		2,586
Total Title IV-A-Student Support & Academic Enrichment			20,939
COVID 19 - Education Stabilization Fund II	84.425D		310,091
COVID 19 - ESSER Homelessness	84.425W		29,078
ARP ESSER	84.425U		494,023
Total Education Stabilization Fund			833,192
Total U.S. Department of Education			**1,448,455**
Total Expenditures of Federal Awards			**$ 1,862,625**

The accompanying notes are an integral part of this schedule.

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amt. Transferred
ARP ESSER	84.425U	$860,450
ARP ESSER Homeless	84.425W	$3,154

OHIO AUDITOR OF STATE
KEITH FABER

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

Adena Local School District
Ross County
3367 County Road 550
Frankfort, Ohio 45628

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Adena Local School District, Ross County, (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 12, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio
February 12, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

Adena Local School District
Ross County
3367 County Road 550
Frankfort, Ohio 45628

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio
February 12, 2024

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ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	84.425D COVID 19 ESSER II 84.425W COVID 19 Homelessness 84.425U ARP ESSER
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

ADENA LOCAL SCHOOL DISTRICT

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/27/2024

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