bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

BETHEL-TATE LOCAL SCHOOL DISTRICT
CLERMONT COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 430-0590 • FAX (614) 448-4519
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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Education
Bethel-Tate Local School District
675 West Plane Street
Bethel, OH 45106

We have reviewed the *Independent Auditor's Report* of Bethel-Tate Local School District, Clermont County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

January 30, 2024

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BETHEL-TATE LOCAL SCHOOL DISTRICT
For the Year Ended June 30, 2023
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INDEPENDENT AUDITOR'S REPORT

Bethel-Tate Local School District
Clermont County
675 West Plane Street
Bethel, Ohio 45106

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2023, the District has elected to change its financial presentation to a modified cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 29, 2023

Bethel-Tate Local School District
Statement of Net Position - Modified Cash Basis
June 30, 2023

	Governmental Activities
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	$ 4,081,321
Total Assets	4,081,321
NET POSITION:	
Restricted for Debt Service	310,386
Restricted for Capital Outlay	54,533
Restricted for Other Purposes	926,691
Unrestricted	2,789,711
Total Net Position	$ 4,081,321

See Accompanying Notes to the Basic Financial Statements.

Bethel-Tate Local School District
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2023

	Disbursements	Program Receipts: Charges for Services and Sales	Program Receipts: Operating Grants and Contributions	Program Receipts: Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction:					
Regular	$ 7,718,330	$ 335,807	$ 851,584	$ -	$ (6,530,939)
Special	3,554,025	-	660,072	-	(2,893,953)
Vocational	8,729	-	-	-	(8,729)
Student Intervention Services	34,568	-	24,022	-	(10,546)
Other	48,992	-	43,942	-	(5,050)
Support Services:					
Pupils	1,238,547	-	16,917	-	(1,221,630)
Instructional Staff	288,013	-	64,386	-	(223,627)
Board of Education	38,872	-	-	-	(38,872)
Administration	1,427,324	12,017	-	-	(1,415,307)
Fiscal	525,554	-	-	-	(525,554)
Operation and Maintenance of Plant	1,516,025	-	55,515	-	(1,460,510)
Pupil Transportation	897,737	-	2,045	-	(895,692)
Central	115,527	-	11,065	-	(104,462)
Operation of Non-Instructional Services:					
Food Service	588,349	191,921	471,430	-	75,002
Other	15,587	6,548	3,821	-	(5,218)
Extracurricular Activities	534,865	345,345	-	-	(189,520)
Capital Outlay	779,915	-	25,781	373,696	(380,438)
Debt Service:					
Principal	198,000	-	-	-	(198,000)
Interest and Fiscal Charges	103,474	-	-	-	(103,474)
Total Governmental Activities	$ 19,632,433	$ 891,638	$ 2,230,580	$ 373,696	(16,136,519)

General Receipts:	
Properry Taxes Levied for:	
General Purposes	5,229,063
Capital Outlay	26,534
Grants and Entitlements not Restricted to Specific Programs	11,075,910
Gifts and Donations not Restricted to Specific Programs	14,193
Investment Earnings	16,714
Miscellaneous	16,988
Proceeds from Sale of Capital Assets	50
Insurance Recoveries	2,399
Refund of Prior Year Expenditures	3,847
Total General Receipts	16,385,698
Change in Net Position	249,179
Net Position Beginning of Year - Restated	3,832,142
Net Position End of Year	$ 4,081,321

See Accompanying Notes to the Basic Financial Statements.

Bethel Tate Local School District
Statement of Assets, Liabilities and Fund Balance - Modified Cash Basis
Governmental Funds
June 30, 2023

	General	Bond Retirement	Food Service	ESSER	All Other Governmental Funds	Total Governmental Funds
ASSETS:						
Equity in Pooled Cash and Cash Equivalents	$ 2,879,723	$ 310,386	$ 490,409	$ -	$ 400,803	$ 4,081,321
Interfund Receivable	117,403	-	-	-	-	117,403
Total Assets	2,997,126	310,386	490,409	-	400,803	4,198,724
LIABILITIES:						
Interfund Payable	-	-	-	117,403	-	117,403
FUND BALANCES:						
Restricted	-	310,386	490,409	-	490,815	1,291,610
Assigned	558,982	-	-	-	-	558,982
Unassigned	2,438,144	-	-	(117,403)	(90,012)	2,230,729
Total Fund Balances	2,997,126	310,386	490,409	(117,403)	400,803	4,081,321
Total Liabilities and Fund Balances	$ 2,997,126	$ 310,386	$ 490,409	$ -	$ 400,803	$ 4,198,724

See Accompanying Notes to the Basic Financial Statements.

Bethel Tate Local School District
Statement of Receipts, Disbursements and Changes
in Fund Balances - Modified Cash Basis -Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Food Service	ESSER	All Other Governmental Funds	Total Governmental Funds
RECEIPTS:						
Property and Other Local Taxes	$ 5,229,063	$ -	$ -	$ -	$ 26,534	$ 5,255,597
Intergovernmental	11,071,579	-	469,430	1,180,046	957,131	13,678,186
Interest	15,141	-	1,573	-	-	16,714
Tuition and Fees	305,097	-	-	-	-	305,097
Rent	12,017	-	-	-	-	12,017
Extracurricular Activities	54,987	-	-	-	234,279	289,266
Gifts and Donations	14,193	-	-	-	30,868	45,061
Customer Sales and Services	25,710	-	198,259	-	31,826	255,795
Miscellaneous	16,988	-	210	-	385	17,583
Total Receipts	16,744,775	-	669,472	1,180,046	1,281,023	19,875,316
DISBURSEMENTS:						
Current:						
Instruction:						
Regular	6,841,766	-	-	648,265	228,299	7,718,330
Special	3,126,363	-	-	8,280	419,382	3,554,025
Vocational	8,729	-	-			8,729
Student Intervention Services	7,272	-	-	25,065	2,231	34,568
Other	3,143	-	-	45,849		48,992
Support Services:						
Pupils	1,222,030	-	-		16,517	1,238,547
Instructional Staff	175,267	-	-	42,285	70,461	288,013
Board of Education	38,872	-	-			38,872
Administration	1,427,324	-	-			1,427,324
Fiscal	525,150	-	-		404	525,554
Operation and Maintenance of Plant	1,456,302	-	-	57,924	1,799	1,516,025
Pupil Transportation	865,717	-	-	2,134	29,886	897,737
Central	103,982	-	-	11,545		115,527
Operation of Non-Instructional	891	-	583,454		19,591	603,936
Extracurricular Activities	26,627	-	-		508,238	534,865
Capital Outlay	309,906	-	-	389,916	80,093	779,915
Debt Service:						
Principal	198,000	-	-			198,000
Interest and Fiscal Charges	103,474	-	-			103,474
Total Disbursements	16,440,815	-	583,454	1,231,263	1,376,901	19,632,433
Excess of Receipts Over (Under) Disbursements	303,960	-	86,018	(51,217)	(95,878)	242,883
OTHER FINANCING SOURCES (USES):						
Transfers In	26,568	-	-	-	356,468	383,036
Advances In	63,500	-	-	-	-	63,500
Proceeds from Sale of Capital Assets	50	-	-	-	-	50
Insurance Recoveries	2,399	-	-	-	-	2,399
Refund of Prior Year Expenditures	3,547	-	25	-	275	3,847
Transfers Out	(356,468)	-	-	-	(26,568)	(383,036)
Advances Out	-	-	-	-	(63,500)	(63,500)
Total Other Financing Sources and Uses	(260,404)	-	25	-	266,675	6,296
Net Change in Fund Balances	43,556	-	86,043	(51,217)	170,797	249,179
Fund Balance (Deficit) at Beginning of Year - Restated	2,953,570	310,386	404,366	(66,186)	230,006	3,832,142
Fund Balance (Deficit) at End of Year	$ 2,997,126	$ 310,386	$490,409	$ (117,403)	$ 400,803	$ 4,081,321

See Accompanying Notes to the Basic Financial Statements.

Bethel Tate Local School District

Statement of Receipts, Disbursements and Changes
in Fund Balances - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Property and Other Local Taxes	$ 4,898,000	$ 5,229,063	$ 5,229,063	$ -
Intergovernmental	10,810,254	11,052,339	11,071,579	19,240
Interest	30,000	11,984	15,141	3,157
Tuition and Fees	221,100	254,296	254,296	-
Rent	3,000	12,017	12,017	-
Gifts and Donations	-	500	500	-
Customer Sales and Service	-	25,710	25,710	-
Miscellaneous	6,200	10,940	10,940	-
Total Receipts	15,968,554	16,596,849	16,619,246	22,397
DISBURSEMENTS:				
Current:				
Instruction:				
Regular	8,950,283	6,833,178	6,798,897	34,281
Special	2,279,936	3,137,529	3,137,428	101
Vocational	78,101	8,729	8,729	-
Student Intervention Services	4,573	7,272	7,272	-
Other	4,800	5,991	3,143	2,848
Support Services:				
Pupils	1,139,492	1,201,349	1,201,178	171
Instructional Staff	137,550	175,911	175,911	-
Board of Education	35,845	42,472	42,472	-
Administration	987,684	1,443,958	1,443,958	-
Fiscal	397,073	532,967	532,967	-
Operation and Maintenance of Plant	1,283,932	1,509,240	1,509,240	-
Pupil Transportation	671,256	949,919	949,790	129
Central	110,300	109,571	109,571	-
Capital Outlay	400,070	400,070	400,070	-
Debt Service				
Principal	198,000	198,000	198,000	-
Interest	103,471	103,474	103,474	-
Total Disbursments	16,782,366	16,659,630	16,622,100	37,530
Excess of Receipts Over/(Under) Disbursements	(813,812)	(62,781)	(2,854)	59,927
OTHER FINANCING SOURCES (USES)				
Transfers In	20,000	33,054	33,054	-
Advances In	-	63,500	63,500	-
Proceeds from Sale of Capital Assets	-	50	50	-
Insurance Recoveries	-	2,399	2,399	-
Refund of Prior Year Expenditures	50,000	3,547	3,547	-
Transfers Out	(200,000)	(362,954)	(362,954)	-
Advances Out	(5,000)	-	-	-
Total Other Financing Sources (Uses)	(135,000)	(260,404)	(260,404)	-
Excess of Receipts and Other Financing Sources Over/ (Under) Disbursements and Other Financing Uses	(948,812)	(323,185)	(263,258)	59,927
Fund Balance at Beginning of Year	2,417,403	2,417,403	2,417,403	-
Prior Year Encumbrances Appropriated	282,914	282,914	282,914	-
Fund Balance at End of Year	$ 1,751,505	$ 2,377,132	$ 2,437,059	$ 59,927

See Accompanying Notes to the Basic Financial Statements

Bethel Tate Local School District
Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Balances - Budget and Actual (Budget Basis)
Food Service
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Intergovernmental	$ 341,500	$ 469,430	$ 469,430	$ -
Interest	1,200	1,152	1,573	421
Customer Sales and Service	213,400	198,193	198,259	66
Miscellaneous	1,000	210	210	-
Total Receipts	557,100	668,985	669,472	487
DISBURSEMENTS:				
Current:				
Support Services:				
Operation of Non-Instructional Services	700,036	588,519	588,349	170
Total Disbursments	700,036	588,519	588,349	170
Excess of Receipts Over/(Under) Disbursements	(142,936)	80,466	81,123	657
OTHER FINANCING SOURCES:				
Refund of Prior Year Expenditures	-	25	25	-
Total Other Financing Sources	-	25	25	-
Excess of Receipts and Other Financing Sources Over/(Under) Disbursements	(142,936)	80,491	81,148	657
Fund Balance at Beginning of Year	394,396	394,396	394,396	-
Prior Year Encumbrances Appropriated	9,972	9,972	9,972	-
Fund Balance at End of Year	$ 261,432	$ 484,859	$ 485,516	$ 657

See Accompanying Notes to the Basic Financial Statements

Bethel Tate Local School District
Statement of Receipts, Disbursements and Changes
in Fund Balances - Budget and Actual (Budget Basis)
ESSER Fund
For the Fiscal Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
RECEIPTS:				
Intergovernmental	$ 1,681,117	$ 1,690,040	$ 1,180,046	$ (509,994)
Total Receipts	1,681,117	1,690,040	1,180,046	(509,994)
DISBURSEMENTS:				
Current:				
Instruction:				
Regular	786,567	786,567	687,584	98,983
Special	9,200	9,200	8,730	470
Student Intervention Services	213,031	213,031	26,940	186,091
Other	85,516	85,516	45,849	39,667
Support Services:				
Pupils	1,312	1,312	-	1,312
Instructional Staff	36,027	36,027	42,285	(6,258)
Operation and Maintenance of Plant	87,403	87,403	78,567	8,836
Pupil Transportation	14,111	14,111	2,134	11,977
Central	-	-	11,545	(11,545)
Operation of Non-Instructional Services	-	-	-	-
Capital Outlay	389,980	388,980	389,916	(936)
Total Disbursments	1,623,147	1,622,147	1,293,550	328,597
Excess of Receipts Over/(Under) Disbursements	57,970	67,893	(113,504)	(181,397)
Fund Balance at Beginning of Year	(889,639)	(889,639)	(889,639)	-
Prior Year Encumbrances Appropriated	823,457	823,457	823,457	-
Fund Balance at End of Year	$ (8,212)	$ 1,711	$ (179,686)	$ (181,397)

See Accompanying Notes to the Basic Financial Statements

Bethel-Tate Local School District
Statement of Fiduciary Net Position - Modified Cash Basis
June 30, 2023

	Custodial Fund
ASSETS:	
Equity in Pooled Cash and Investments	$ 10,882
NET POSTION:	
Restricted for Other Purposes	$ 10,882

See Accompanying Notes to the Basic Financial Statements

Bethel-Tate Local School District
Statement of Changes in Fiduciary Net Position - Modified Cash Basis
For the Fiscal Year Ended June 30, 2023

	Custodial Fund
ADDITIONS:	
Miscellaneous	$ -
Change in Net Position	-
Net Position Beginning of the Year	10,882
Net Position End of the Year	$ 10,882

See Accompanying Notes to the Basic Financial Statements

Note 1 - Reporting Entity

Bethel-Tate 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 operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educationalservices as authorized by State statute and/or federal guidelines.

The School District was established in the early 1800s through the consolidation of existing land areas and school districts. The School District serves an area of approximately 48.04 square miles. It is located in Clermont County, and includes the Village of Bethel and Tate Township. It is staffed by 88 non-certificated employees and administrative employees and 105 certificated full-time teaching personnel who provide services to 1,541 students and other community members. The School District currently operates 4 instructional buildings, 1 Central Office/Transportation Building, and 1 maintenance garage.

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 Bethel-Tate 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 organizations 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 following organizations which perform activities within the School District’s boundaries for the benefits of its residents are excluded from the accompanying financial statements because the School District is not financiallyaccountable for these organizations nor are they fiscally dependent on the School District.

• Boosters Clubs

The School District is associated with six organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing pool. These organizations are the Unified Purchasing Cooperative of the Ohio River Valley, the U.S. Grant Joint Vocational School, the Southwestern Ohio Computer Association, the Southwestern Ohio Educational Purchasing Council, the Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust, and the Sheakley Workers’ Comp and Safety Group Retrospective Rating Plan. These organizations and the School District’s participation are discussed in Notes 7, 12, 13 and 14 to the Basic Financial Statements.

The School District’s management believes these financial statements present all activities for which the School District is financially accountable.

Note 2 - Summary of Significant Accounting Policies

As discussed in Note 2.A., these financial statements are presented on the modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these modified cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the School District's accounting policies.

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end.

The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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.

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. The funds of the School District are divided into two categories, governmental and fiduciary.

Note 2 - Summary of Significant Accounting Policies (Continued)

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the School District's major funds:

> ***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** The Bond Retirement Fund is a debt service fund used to account for the accumulation of financial resources restricted, committed, or assigned for the payment of general long-term debt. The major source of revenue for this fund is tax levy proceeds.
>
> ***Food Service Special Revenue Fund*** The food service special revenue fund accounts for and reports charges for services and operating grants restricted to the food service operation of the School District.
>
> ***Elementary and Secondary School Emergency Relief (ESSER) Fund*** The ESSER Fund is a special revenue fund used to account for the federal grant receipts received for elementary and secondary school emergency relief. The major source of receipts for this fund is grants.

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

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to maintain financial activity of the School District's fiduciary activities that are not required to be reported in a trust fund. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's custodial fund accounts for State athletic tournament games, for which the School District acts as fiscal agent.

Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the function level for the General Fund and all other funds are at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

Cash and Investments

Cash received by the School District is deposited into one of several bank accounts with individual fund balance integrity maintained. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit or investments. All investment earnings accrue to the General Fund except those specifically related to those funds deemed appropriate according to Board of Education policy. Interest earned amounted to $16,714 in which $15,141 was recorded in the General Fund and $1,573 was recorded in the Food Service fund.

The School District records all its investments at fair value. For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three month or less at the time they are purchased by the School District are presented as Equity in Pooled Cash and Investments on the financial statements. The School District has invested in a money market funds, negotiable certificates of deposit, U.S. Treasury Securities, and U.S. Governmental Agency securities.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

The fund financial statements report outstanding interfund loans as interfund receivables/payables. Interfund loans which do not represent available expendable resources are classified as nonspendable fund balance. Interfund balances are eliminated in the statement of net position.

Accumulated Leave

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

Pensions/Other Postemployement Benefits (OPEB)

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

Long-Term Obligations

The School District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

Note 2 - Summary of Significant Accounting Policies (Continued)

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for debt service, capital improvements, student activities and grant restrictions.

The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available. The School District reports $1,291,610 restricted by enabling legislation.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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. It also includes the long-term amount of interfund loans.

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. These amounts are assigned by the School District's Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated by that authority by resolution or by State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance for encumbrances, uniform school supplies and principal allocated funds.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

The School District applies restricted resources first when disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received.

Receipts and Disbursements

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and operating grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Note 3 – Accountability and Compliance

Accountability

The ESSER major special revenue fund reports a negative fund balance of $117,403. Other non-major special revenue government funds had negative balances as well: Title VI-B $26,070; Title I $13,882; and Reducing Class Size $50,060. The funds operate under a reimbursement basis for the grants. The School District expended the funds before year and submitted grant requests that will be received after year end.

Note 3 – Accountability and Compliance (Continued)

Change in Basis of Accounting

For fiscal year 2022, the School District changed the presentation of the financial statement from the full accrual basis of accounting for the government-wide financials and the modified accrual basis of accounting for the fund financials statements to the modified cash basis of accounting for all financial statements presented. The change in the basis of accounting that the following effects on the June 30, 2022 beginning net position and fund balances reported:

	Governmental Activities	General Fund	ESSER Fund	Other Governmental Funds
6/30/2022 Net Position/Fund Balance	$3,016,072	$3,121,372	($164,098)	$798,164
Removal of assets	(24,153,453)	(5,057,199)	(139,834)	(209,534)
Removal of deferred inflows of resources	(4,348,154)	0	0	0
Removal of liabilities	15,893,740	1,475,559	158,892	234,286
Removal of deferred outflows of resources	13,423,937	3,413,838	78,854	121,842
Restated 6/30/2022 Net Position/Fund Balance	$3,832,142	$2,953,570	($66,186)	$944,758

Compliance

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

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, 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 Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis presented for the general fund, food service and ESSER major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the modified cash basis is that encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (modified cash basis). Additionally, the budget basis reflects activity for the General Fund only as identified in the legally adopted budget. Fund activity for separate funds in the school district budget but which are reclassified to the General as a result of GASB 54 are reported in the modified cash basis financial statements, but not in the budget basis financials.

Note 4 - Budgetary Basis of Accounting (Continued)

	General	Food Service Fund	ESSER Fund
Modified Cash Basis	($263,258)	$81,148	($113,504)
Encumbrances	282,524	4,895	62,287
GASB 54 reclassifications	24,290	0	0
Budget Basis	$43,556	$86,043	($51,217)

Note 5 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the School District treasury. Active 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 that the Board 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 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.

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

Interim monies held by the School District can 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;

Note 5 – Deposits and Investments (Continued)

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

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits 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, $1,926,036 of the School District's bank balance of $2,176,036 was not exposed to custodial credit risk because the School District participates in the Ohio Pooled Collateral System (OPCS) as described below.

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

Note 5 – Deposits and Investments (Continued)

Investments

The fair value of these investments could be materially different than measurement value (cost basis). As of June 30, 2023, the School District had the following investments:

		Investment Maturities (in Years)		
Investment Type	Measurement Value	Less than 1	1-2	3-5
Federal Home Loan Mortgage Corporation Notes	$544,650	$274,860	$119,790	$150,000
Federal Home Loan Bank Notes	280,000	0	140,000	140,000
Federal Farm Credit Bank Notes	284,778	134,951	149,827	0
Money Market Mutual Fund	45,315	45,315	0	0
Negotiable CDs	767,149	767,149	0	0
Total Investments	$1,921,892	$1,222,275	$409,617	$290,000

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 the School District's 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 issue or other counterparty to an investment will not fulfill its obligations. The School District's policy places limitations on the types of investments the School District may invest in. The School District's policy authorizes investment in allowable securities as outlined in Ohio Revised Code Section 135. The School District's investments in FHLMC were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The Money Market Funds were rated AAAm by Standard & Poor's. The School District's investments in individually marketable certificates of deposits are fully insured by the Federal Deposit Insurance Corporation.

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 has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Note 5 – Deposits and Investments (Continued)

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of June 30, 2023:

Investment Issuer	Percentage of Investments
Federal Home Loan Mortgage Corporation Note	28.34 %
Federal Home Loan Bank Note	14.57
Federal Farm Credit Bank Notes	14.82
Money Market Fund	2.36
Negotiable CDs	39.91
Total	100.00 %

Note 6 – Taxes

Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax receipts received in calendar 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 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Note 6 – Taxes (Continued)

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/Residential and Other Real Estate	$194,092,330	96.70 %	$196,976,390	96.20 %
Public Utility Personal Property	6,625,020	3.30	7,790,540	3.80
Total	$200,717,350	100.00 %	$204,766,930	100.00 %
Full Tax Rate per $1,000 of assessed valuation	$42.43		$40.65	

Note 7 - Interfund Balances and Transfers

Transfers/Advances

During fiscal year 2023, the following transfers were made:

	Transfer from		
Transfer to	General	Other Nonmajor Governmental	Total
Other Nonmajor Governmental Funds	$356,468	$26,568	$383,036

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Nonroutine transfers from the other nonmajor governmental funds were in compliance with Ohio Revised Code for designated projects.

	Advances From
Advances to	Other Nonmajor Governmental
General Fund	$63,500

The advance above relates to the District Managed Student Activities nonmajor special fund repaying a short term loan from the General Fund during the fiscal year.

Note 7 - Interfund Balances and Transfers (Continued)

Interfund Balances

Interfund balances at June 30, 2023, consisted of the following individual fund receivables and payables:

	Receivable	Payable
	Interfund	Interfund
Major Funds		
General Fund	$117,403	$0
ESSER Fund	0	117,403
Total	$117,403	$117,403

Interfund balances at June 30, 2023, consisted of $117,403 advanced to ESSER special revenue fund to cover outstanding reimbursements resulting in a year end negative cash balance. The interfund receivables/payables are expected to be repaid within one year.

Note 8 - 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. During fiscal year 2023, the School District contracted with Markel Insurance Company for coverage for liability, real property, building and contents, and vehicles. Vehicle polices include liability coverage for bodily injury and property damage. Coverage provided is as follows:

Type of Coverage	Coverage
Building and Contents - replacement costs ($2,500 deductible)	$80,532,500
Automobile Liability (no deductible)	1,000,000
Uninsured motorists (no deductible)	1,000,000
General Liability	
Per Occurrence	1,000,000
Total per year	3,000,000

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

For fiscal year 2023, the School District participated in the Sheakley Workers' Compensation and Safety Group Retrospective Rating Plan (Plan), an insurance purchasing pool (Note 14). The intent of the GRP is to reward participants that are able to keep their claims cost low. School districts continue to pay their individual premium directly to the Ohio Bureau of Workers' Compensation (BWC). School districts will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2021 Plan, the evaluation periods will be January 2022, January 2023 and January 2024. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the districts individual premium compared to the overall Plan premium. Participation in the Group Retrospective Rating Plan is limited to school districts that can meet the programs selection criteria. The firm of Sheakley UniService Inc. provides administrative, cost control and actuarial services to the Plan.

Note 8 - Risk Management (Continued)

The School District is a member of the Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust, which is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 9 - Defined Benefit Pension Plans

The net pension/OPEB (asset)/liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

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

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

Note 9 - Defined Benefit Pension Plans (Continued)

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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, 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 years 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, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $388,195 for fiscal year 2023.

Note 9 - Defined Benefit Pension Plans (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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.

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

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

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

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

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

Note 9 - Defined Benefit Pension Plans (Continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $890,908 for fiscal year 2023.

Net Pension Liability

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - prior measurement date	0.0663048%	0.05570202%	
Proportionate Share of the Net Pension Liability - current measurement date	0.0626352%	0.05352096%	
Change in proportionate share	-0.0036696%	-0.00218106%	
Proportionate Share of the Net Pension Liability	$3,387,799	$11,897,777	$15,285,576
Pension Expense	$466,753	$1,385,428	$1,852,181

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.

Note 9 - Defined Benefit Pension Plans (Continued)

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 pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Inflation	2.40 percent
COLA or Ad Hoc COLA	2.00%, on and 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
Actuarial Cost Method	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.

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

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

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/Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Credit	3.00	5.38
Total	100.00 %	

Note 9 - Defined Benefit Pension Plans (Continued)

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was also 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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.

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$4,986,678	$3,387,799	$2,040,765

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll increases	3.00 percent
Cost-of-Living Adjustments	0% effective July 1, 2017

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

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

Note 9 - Defined Benefit Pension Plans (Continued)

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

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

*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 percent as of June 30, 2021, and was also 7.00 percent as of June 30, 2021. 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the 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:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$17,973,209	$11,897,777	$6,759,842

Note 10 – Defined Benefit OPEB Plans

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the modified cash basis framework.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 2022, no allocation 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 payment was $38,592.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $38,592 for fiscal year 2023.

Note 10 – Defined Benefit OPEB Plans (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The 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 benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB Asset/Liability - prior measurement date	0.0676561%	0.055702015%	
Proportionate Share of the Net OPEB Asset/Liability - current measurement date	0.0634845%	0.053520960%	
Change in proportionate share	-0.0041716%	-0.00218106%	
Proportionate Share of the Net OPEB Liability/(Asset)	$891,329	($1,385,836)	($494,507)
OPEB Expense	$74,637	($250,295)	($175,658)

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.

Note 10 – Defined Benefit OPEB Plans (Continued)

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

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

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

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

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

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

Note 10 – Defined Benefit OPEB Plans (Continued)

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, 2022 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	5.34
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/Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Credit	3.00	5.38
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.

Note 10 – Defined Benefit OPEB Plans (Continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the 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.

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%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$1,107,044	$891,329	$717,188

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$687,375	$891,329	$1,157,726

Note 10 – Defined Benefit OPEB Plans (Continued)

Actuarial Assumptions – STRS

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

Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent, effective July 1, 2017 (COLA)
Blended Discount Rate of Return	7.00 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	7.50 percent initial, 3.94 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate
Prescription Drug	
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate
Medicare	-5.47 percent initial, 3.94 percent ultimate

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

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

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.

Note 10 – Defined Benefit OPEB Plans (Continued)

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022, and was also 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS 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 plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($1,281,169)	($1,385,836)	($1,475,492)

	1% Decrease	Current Trent Rate	1% Increase
School District's proportionate share of the net OPEB asset	($1,437,449)	($1,385,836)	($1,320,687)

Note 11 – Debt

Notes Payable

The changes in the School District's notes payable during fiscal year 2023 were as follows:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Amount Due in One Year
Governmental Activities					
2014 Energy Conservation General Obligation Bonds 3.31%	$ 420,000	$ -	$ 54,000	$ 366,000	$ 56,000
Financed Purchases	395,000	-	50,000	345,000	50,000
Certificate of Participation Payable	1,473,000	-	94,000	1,379,000	98,000
Total Long-Term Obligations	$ 2,288,000	$ -	$ 198,000	$ 2,090,000	$ 204,000

Long Term Obligations

Energy Conservation General Obligation Bonds - On February 28, 2014, Bethel-Tate Local School District issued $755,000 in general obligation bonds for the purpose of acquiring energy conservation measures that will significantly reduce energy consumption in the form of control systems, lighting systems, and HVAC systems. The bonds were issued for a fifteen year period with a final maturity during fiscal year 2029. The bonds are being retired from the General Fund.

Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$56,000	$11,188	$67,188
2025	58,000	9,301	67,301
2026	60,000	7,348	67,348
2027	62,000	5,329	67,329
2028	64,000	3,243	67,243
2029	66,000	1,092	67,092
Total	$366,000	$37,501	$403,501

Financed Purchase Obligation

In fiscal year 2014, the School District entered into a financed-purchase agreement to acquire DDC Control Systems as part of an Energy Performance Contract with Four Seasons Environmental, Inc. The District will retain title to the DDC Control Systems during the financed purchase term. Four Seasons Environmental, Inc. has assigned Huntington Public Corporation as trustee. Huntington Public Corporation deposited $690,000 in the School District's name with a fiscal agent for the control systems. Amounts were paid to contractors by the School District as the work progressed. The School District then submitted the invoices to the agent for reimbursement. The School District makes semi-annual payments to Huntington National Bank. The interest rate is fixed at 3.51 percent. The financed purchase will be paid off in fiscal year 2029.

Note 11 – Debt (Continued)

The School District's future payments under financed purchase obligations for Governmental Activities as of June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$50,000	$11,232	$61,232
2025	50,000	9,477	59,477
2026	50,000	7,722	57,722
2027	65,000	5,704	70,704
2028	65,000	3,422	68,422
2029	65,000	1,141	66,141
Total	$345,000	$38,698	$383,698

Certificates of Participation

In previous fiscal years, the School District entered into certificates of participation to finance a variety of projects including a portion of the classroom facilities project, as well as, several other construction projects, the acquisition of new school buses, computers and computer related software, and for the construction of a new transportation facility. During fiscal year 2006 and 2007, the School District entered into certificates of participation to finance the construction of a new Central Office/Transportation Building. The School District is leasing the projects from Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the certificate term. Columbus Regional Airport Authority has assigned US Bank as trustee. US Bank deposited $511,000 in the School District's name with an escrow agent for the construction of the facility. Amounts were paid to contractors by the School District as the work progressed. The School District is making semi-annual payments to US Bank. Principal payments in fiscal year 2023 totaled $94,000 in the governmental funds. This debt is being repaid from the General Fund.

The following table represents the payments required on the Certificate of Participation for the amount outstanding at June 30, 2023:

Year Ending June 30,	Principal	Interest	Total
2024	$98,000	$71,030	$169,030
2025	104,000	65,686	169,686
2026	110,000	60,081	170,081
2027	115,000	54,180	169,180
2028	121,000	47,984	168,984
2029-2033	602,000	134,350	736,350
2034-2037	229,000	21,227	250,227
Total	$1,379,000	$454,538	$1,833,538

Note 12 – Contingent Liabilities

Litigation

The School District is not party to legal proceedings.

School 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, additional ODE adjustments for fiscal year 20CY are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time.

Note 13 - Jointly Governed Organizations

Unified Purchasing Cooperative of the Ohio River Valley - The Unified Purchasing Cooperative of Ohio River Valley is a jointly governed organization among a two-county consortium of school districts. The Unified Purchasing Cooperative was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office, and cafeteria supplies. The Unified Purchasing Cooperative organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments.

U.S. Grant Joint Vocational School - The U.S. Grant Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the four participating school districts' elected boards with an additional representative rotated among the four schools. The Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to the U.S Grant Joint Vocational School, Patricia Patten, who serves as Treasurer, at 3046 State Route 125, Bethel, Ohio 45106.

Southwestern Ohio Computer Association – The School District participates in the Southwestern Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Clermont, Hamilton, Warren, Preble, and Butler counties and involves all cities that have school districts within these counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. SWOCA is governed by a board of directors consisting of one representative from each of the participating members. The District paid SWOCA $79,678 for services provided during the year. Financial information may be obtained from the Southwestern Ohio Computer Association, 3603 Hamilton- Middletown Road, Hamilton, Ohio.

Note 14 – Public Entity Risk Pools

The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 132 school districts and educational service centers in 18 counties. The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Note 14 – Public Entity Risk Pools (Continued)

Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Payments to the SOEPC are made from the General and Food Service Funds. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 15 – Insurance Purchasing Pools

Sheakley Workers' Compensation and Safety Group Retrospective Rating Plan - The School District participates in the Sheakley Workers' Compensation and Safety Group Retrospective Rating Plan (Plan), an insurance purchasing pool. The Plan's business and affairs are conducted by Sheakley UniService, Inc. Each year, the participating school districts pay an enrollment fee to Sheakley to cover the costs of administering the program.

Note 16 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below

Fund Balances	General	Bond Retirement	Food Service	ESSER	Other Governmental Funds	Total
Restricted for						
Food Service Operations	$0	$0	$490,409	$0	$0	$490,409
Athletics	0	0	0	0	78,296	78,296
Student Activities	0	0	0	0	38,571	38,571
Miscellaneous Local Grants	0	0	0	0	49,667	49,667
State and Federal Grants	0	0	0	0	251,034	251,034
Debt Service Payments	0	310,386	0	0	0	310,386
Capital Improvements	0	0	0	0	73,247	73,247
Total Restricted	0	310,386	490,409	0	490,815	1,291,610
Assigned to						
Encumbrances	282,524	0	0	0	0	282,524
Uniform School Supplies	182,050	0	0	0	0	182,050
Principal Support Funds	94,408	0	0	0	0	94,408
Total Assigned	558,982	0	0	0	0	558,982
Unassigned (Deficit)	2,438,144	0	0	(117,403)	(90,012)	2,230,729
Total Fund Balances	$2,997,126	$310,386	$490,409	($117,403)	$400,803	$4,081,321

Note 17 – Set-Aside Requirements

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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

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

	Capital Improvements
Set-Aside Balance as of June 30, 2022	$0
Current Year Set-aside Requirement	290,806
Qualifying Disbursements	(290,806)
Total	$0
Balance carried forward to Fiscl Year 2024	$0
Set-aside Balance as of June 30, 2023	$0

Although the School District had qualifying offsets and disbursements during the fiscal year that reduced the set-aside amount below zero for the capital improvements set aside, this amount may not be used to reduce the set aside requirements of future years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Bethel-Tate Local School District
Clermont County

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	ALN	Total Federal Expenditures
United States Department of Agriculture			
Passed through the Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	3L60	10.555	52,582
Cash Assistance:			
National School Breakfast Program	3L70	10.553	$ 120,135
National School Lunch Program	3L60	10.555	299,288
Covid-19 National School Lunch Program	3L60	10.555	42,872
Total Child Nutrition Cluster			514,877
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	3HF0	10.649	628
Total United States Department of Agriculture			515,505
United States Department of Education			
Passed through the Ohio Department of Education			
Special Education Cluster:			
IDEA Part B FY22	3M20	84.027A	53,584
IDEA Part B FY23	3M20	84.027A	308,549
Special Education - ARP IDEA	3IA0	84.027X	19,704
Special Education - ARP IDEA Early Childhood	3IA0	84.173X	785
Total Special Education Cluster			382,621
Title I Grants to Local Educational Agencies FY22	3M00	84.010	32,106
Title I Grants to Local Educational Agencies FY23	3M00	84.010	245,011
Expaning Opportunity Grant FY23	3M00	84.010	64
Total Title I			277,182
IDEA Early Childhood	3C50	84.163	6,852
English Language Acquisition State Grants	N/A	84.365	339
Title II - Supporting Effective Instruction	3Y60	84.367	50,062
Student Support and Academic Enrichment Program	3HI0	84.424	20,257
Education Stabilization Fund:			
COVID-19 Elementary and Secondary School Emergency Relief Fund	3HS0	84.425D	194,372
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund	3HS0	84.425U	1,036,891
Total Education Stabilization Fund			1,231,263
Total United States Department of Education			1,968,575
Total Federal Financial Assistance			$ 2,484,080

See Accompanying Notes to the Schedule Expenditures of Federal Awards

Bethel-Tate Local School District
Clermont County

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Bethel-Tate Local School District
Clermont County
675 West Plane Street
Bethel, Ohio 45106

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bethel-Tate Local School District, Clermont County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2023, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

District's Response to Findings

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 29, 2023

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

Bethel-Tate Local School District
Clermont County
675 West Plane Street
Bethel, Ohio 45106

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Bethel-Tate Local School District's, Clermont County, (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 Bethel-Tate Local School District's major federal program for the year ended June 30, 2023. Bethel-Tate 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, Bethel-Tate Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 29, 2023

Bethel-Tate Local School District
Clermont County, Ohio

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 control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.515(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund: ALN 84.425D, 84.425U
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2023-001

Material Noncompliance Citation

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

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

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

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: Because of economic reasons, the Board of Education of Bethel-Tate Local School District does not anticipate filing GAAP financial reports. The Board feels the cost of producing GAAP financial reports exceeds the benefit to the District.

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

Bethel-Tate Local School District
Clermont County, Ohio

Schedule of Prior Audit Findings
June 30, 2023

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2022-001	Material weakness in financial reporting.	Yes	Corrected

Bethel-Tate Local School District
Clermont County, Ohio

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

Corrective Action Plan for Finding 2023-001:

Finding Control Number: 2023-001

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

Statement of Concurrence: Officials made the decision to prepare and present the financial statements using the OCBOA format as a means of" saving time and money for the district.

Corrective Action: The District does not feel it is cost effective to change their reporting model.

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

Karen Royer
Bethel-Tate Local School District Treasurer
Phone: (513) 734-2271
Email: karen.royer@betheltate.org

OHIO AUDITOR OF STATE
KEITH FABER

BETHEL-TATE LOCAL SCHOOL DISTRICT

CLERMONT 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 2/13/2024

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