CHILLICOTHE CITY SCHOOL DISTRICT
ROSS COUNTY
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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OHIO AUDITOR OF STATE
KEITH FABER

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Board Members
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Chillicothe City School District, Ross County, prepared by Millhuff-Stang, CPA, 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 Chillicothe City School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

April 12, 2024

Chillicothe City School District
Ross County
Table of Contents
For the Fiscal Year Ended June 30, 2023

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Members of the Board
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of net pension and OPEB liabilities (assets), and the schedules of School District contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The schedule of federal awards expenditures, 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 (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of federal awards expenditures 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 March 28, 2024 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide on opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Millhuff-Stang CPA, Inc.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 28, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chillicothe City School District's (School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2023 by $11,062,741.
- The School District's net position of governmental activities increased $2,518,313. Net position of business-type activities decreased $48,058.
- General revenues accounted for $32,029,445 or 69 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $14,197,258 or 31 percent of total revenues of $46,226,703.
- The School District had $43,603,778 in expenses related to governmental activities; only $14,197,258 of these expenses were offset by program specific charges for services and sales, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $31,924,833 were adequate to provide for these programs.

USING THIS ANNUAL FINANCIAL REPORT

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

The statement of net position and statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the School District, the General Fund, ESSER Special Revenue Fund, and Debt Service Fund are the major funds.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Position and Statement of Activities

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

These two statements report the School District's net position and change in net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the statement of net position and the statement of activities, the School District has two kinds of activity, governmental and business-type.

- Governmental Activities. Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.
- Business-Type Activities. These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's Cavalier Athletic Center Fund is reported as a business-type activity.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The Chillicothe City School District's major funds are the General Fund, ESSER Special Revenue Fund, and Debt Service Funds.

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

Proprietary Funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds. The School District acts in trustee capacity as an agent for another governmental unit. These activities are reported in a custodial fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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

THE SCHOOL DISTRICT AS A WHOLE

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

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	$37,932,580	$35,529,474	$3,960	$5,285	$37,936,540	$35,534,759
Capital Assets, Net	70,417,110	72,751,286	0	0	70,417,110	72,751,286
Total Assets	108,349,690	108,280,760	3,960	5,285	108,353,650	108,286,045
Deferred Outflows of Resources	9,340,928	8,129,673	69,307	103,761	9,410,235	8,233,434
Liabilities:						
Current and Other Liabilities	4,870,595	5,321,192	18,151	5,329	4,888,746	5,326,521
Long-Term Liabilities	79,870,341	68,640,349	99,786	78,868	79,970,127	68,719,217
Total Liabilities	84,740,936	73,961,541	117,937	84,197	84,858,873	74,045,738
Deferred Inflows of Resources	21,815,576	33,833,099	26,695	48,156	21,842,271	33,881,255
Net Position:						
Net Investment in Capital Assets	31,552,098	32,811,323	0	0	31,552,098	32,811,323
Restricted	4,509,802	4,153,439	0	0	4,509,802	4,153,439
Unrestricted (Deficit)	(24,927,794)	(28,348,969)	(71,365)	(23,307)	(24,999,159)	(28,372,276)
Total Net Position	$11,134,106	$8,615,793	($71,365)	($23,307)	$11,062,741	$8,592,486

The increase of $2,401,781 in current and other assets is primarily due to increases cash and cash equivalents and cash and cash equivalents with fiscal agents, intergovernmental and taxes receivable, and the OPEB asset. The decrease of $2,334,176 in capital assets, net is due to current year depreciation expense and disposals exceeding current year additions. Deferred outflows of resources increased $1,176,801 due to actuarially determined changes related to the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

Current and other liabilities decreased $437,775 due to a decrease in accounts payable, accrued wages and benefits payable, and claims payable. The increase of $11,250,910 in long-term liabilities is due mainly to an increase in net pension liabilities. Deferred inflows of resources decreased by $12,038,984 due to actuarially determined changes related to the School District's proportionate share of the state-wide net pension and OPEB liabilities (assets).

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

Table 2
Net Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services and Sales	$1,079,956	$784,224	$0	$0	$1,079,956	$784,224
Operating Grants, Contributions, and Interest	13,115,154	11,351,081	0	0	13,115,154	11,351,081
Capital Grants, Contributions, and Interest	2,148	1,125	0	0	2,148	1,125
Total Program Revenues	14,197,258	12,136,430	0	0	14,197,258	12,136,430
General Revenues						
Property Taxes and Payments in Lieu	15,655,931	14,219,681	0	0	15,655,931	14,219,681
Unrestricted Grants and Entitlements	15,408,852	14,364,845	0	0	15,408,852	14,364,845
Gain on Sale of Assets	0	162,249	0	0	0	162,249
Investment Earnings	440,534	10,416	14	14	440,548	10,430
Miscellaneous	416,583	235,279	104,598	65,312	521,181	300,591
Gifs and Donations not Restricted	2,933	0	0	0	2,933	0
Total General Revenues	31,924,833	28,992,470	104,612	65,326	32,029,445	29,057,796
Total Revenues	46,122,091	41,128,900	104,612	65,326	46,226,703	41,194,226
Program Expenses						
Instruction						
Regular	17,240,889	15,048,692	0	0	17,240,889	15,048,692
Special	7,036,820	6,297,316	0	0	7,036,820	6,297,316
Vocational	144,932	113,496	0	0	144,932	113,496
Other	194,790	430,896	0	0	194,790	430,896
Support Services						
Pupils	2,507,671	2,138,989	0	0	2,507,671	2,138,989
Instructional Staff	778,408	807,228	0	0	778,408	807,228
Board of Education	146,536	133,400	0	0	146,536	133,400
Administration	2,785,001	2,451,459	0	0	2,785,001	2,451,459
Fiscal and Business	871,152	880,580	0	0	871,152	880,580
Operation and Maintenance of Plant	4,174,568	3,427,078	0	0	4,174,568	3,427,078
Pupil Transportation	2,104,394	1,475,457	0	0	2,104,394	1,475,457
Central	550,542	557,585	0	0	550,542	557,585
Operation of Non-Instructional Serv.	2,219,071	1,763,694	0	0	2,219,071	1,763,694
Extracurricular Activities	944,180	818,744	0	0	944,180	818,744
Interest on Long-Term Debt	1,904,824	1,975,441	0	0	1,904,824	1,975,441
Issuance Costs	0	50,000	0	0	0	50,000
Cavalier Athletic Center	0	0	152,670	115,962	152,670	115,962
Total Expenses	43,603,778	38,370,055	152,670	115,962	43,756,448	38,486,017
Transfers	0	(48,579)	0	48,579	0	0
Change in Net Position	2,518,313	2,710,266	(48,058)	(2,057)	2,470,255	2,708,209
Net Position at Beginning of Year	8,615,793	5,905,527	(23,307)	(21,250)	8,592,486	5,884,277
Net Position at End of Year	$11,134,106	$8,615,793	($71,365)	($23,307)	$11,062,741	$8,592,486

Governmental Activities

Operating grants and contributions increased $1,764,073 due COVID-related federal grants received in the fiscal year. Unrestricted grants and entitlements increased $1,044,007 due to an increase in State foundation funding. Property taxes increased due to an increase in assessed valuations. Charges for services and sales increased due to increased collections for extracurricular activities and lunchroom sales.

Various expense functions increased due to the increase in pension and OPEB expenses, which were recognized as an expense in the amount of $2,722,989, compared to a gain of $859,349 for the prior fiscal year. These expenses are allocated amongst the various expense functions with instruction receiving the largest allocations. This resulted in an increase in total expenses of $3,582,338. In addition, expenses also increased in the ESSER program.

Governmental Activities

Property taxes comprised 34 percent of revenue for governmental activities of the School District for fiscal year 2023. Grants and entitlements not restricted comprised 33 percent of revenue for governmental activities during 2023. Operating grants, contributions, and interest comprised 28 percent of revenue for governmental activities during 2023.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 56 percent of governmental program expenses with support services comprising 32 percent of governmental expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2023 as compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2023		2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$24,617,431	$15,834,140	$21,890,400	$14,620,574
Support Services	13,918,272	11,074,444	11,871,776	9,250,464
Operation of Non-Instructional Services	2,219,071	(103,327)	1,763,694	(336,403)
Extracurricular Activities	944,180	696,439	818,744	673,549
Interest on Long-Term Debt	1,904,824	1,904,824	1,975,441	1,975,441
Issuance Costs	0	0	50,000	50,000
Total Expenses	$43,603,778	$29,406,520	$38,370,055	$26,233,625

Business-Type Activities

Business-type activity is comprised of an athletic complex that the School District operates. Miscellaneous revenues and operating expenses increased during the current fiscal year. The School District experienced increased activity for the program.

THE SCHOOL DISTRICT'S FUNDS

All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $45,420,420 and expenditures and other financing uses of $45,404,816. The net change in fund balance for the year was significant in the General Fund.

The fund balance of the General Fund increased in the amount of $933,375 due to revenues in excess of expenditures. Intergovernmental revenues increased due to an increase in state foundation funding. There was a corresponding increase in expenditures. Property taxes also increased due to an increase in assessed valuations.

The fund balance of the Debt Service Fund decreased in the amount of $217,427. The decrease in fund balance is primarily due principal and interest payments exceeding the tax monies collected.

The fund balance of the ESSER Fund decreased in the amount of $741,244. The decrease in fund balance is primarily due to expenditures exceeding revenues.

General Fund Budgeting Highlights

The School District's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis. During 2023, there were revisions to the General Fund budget. Original budgeted amounts for intergovernmental increased due primarily to an increase in State foundation funding. Original budget appropriations increased primarily to an increase in special instruction and operation and maintenance of plant costs. The School District's actual revenues and other financing sources were relatively consistent with final budgeted amounts. Actual expenditures and other financing uses were also consistent with the final budget. The School District's ending unobligated fund balance was $6,668,787.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 4 shows the fiscal year 2023 balances compared to 2022.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

Governmental Activities

	2023	2022
Land and Improvements	$1,685,074	$1,702,077
Buildings and Improvements	65,860,454	67,779,393
Furniture and Equipment	1,628,822	2,269,901
Vehicles	1,102,997	809,329
Intangible Right to Use Leased Asset	139,763	190,586
Totals	$70,417,110	$72,751,286

The net decrease in capital assets from the prior year resulted from current year depreciation and disposals in excess of additions. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (note 8).

Debt

At June 30, 2023, the School District had $41,894,320 in bonds, bond anticipation notes, financed purchases, and leases payable outstanding with $2,434,860 due within one year. Table 5 summarizes the bonds, notes, and capital leases outstanding:

Table 5
Outstanding Debt at Year End

Governmental Activities

	2023	2022
2007 General Obligation Refunding Bonds	$3,224,308	$4,467,035
2016 School Facilities Bond	20,139,421	20,499,128
2016 Refunding Bonds	17,497,452	17,671,230
2016 PI Tax Anticipation Notes	835,945	1,092,927
Financed Purchases	50,000	129,717
Leases Payable	147,194	195,921
Totals	$41,894,320	$44,055,958

The School District's overall legal debt margin was $15,127,972 and the unvoted debt margin was $533,213 at June 30, 2023. Detailed information regarding long-term and other debt is included in the notes to the basic financial statements (note 13).

Current Financial Related Activities

Chillicothe City School District has struggled financially for several years. This is mainly due to the tangible personal property tax loss. The tax loss hit the School District hard. ESSER monies received have allowed the School District to save General Fund monies and stabilize the cash balance for a couple of years.

The School District still struggles with open enrollment but the trend is starting to reduce due to the number of students coming into our School District. The outlook of the School District has stability.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Claudia Zaler, Treasurer, Chillicothe City School District, 425 Yoctangee Parkway, Chillicothe, Ohio 45601.

Chillicothe City School District
Statement of Net Position
As of June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	$15,134,944	$11,273	$15,146,217
Cash and Cash Equivalents in Segregated Accounts	978	0	$978
Cash and Cash Equivalents with Fiscal Agents	2,200,026	0	$2,200,026
Accrued Interest Receivable	11,825	0	11,825
Accounts Receivable	33,750	0	33,750
Internal Balances	7,313	(7,313)	0
Intergovernmental Receivable	1,506,014	0	1,506,014
Taxes Receivable	16,060,629	0	16,060,629
Net OPEB Asset	2,977,101	0	2,977,101
Non-Depreciable Capital Assets	607,140	0	607,140
Depreciable Capital Assets, net	69,809,970	0	69,809,970
Total Assets	108,349,690	3,960	108,353,650
Deferred Outflows of Resources:			
Pension	8,446,457	33,494	8,479,951
OPEB	894,471	35,813	930,284
Total Deferred Outflows of Resources	9,340,928	69,307	9,410,235
Liabilities:			
Accounts Payable	17,705	600	18,305
Accrued Wages and Benefits	3,434,784	3,163	3,437,947
Intergovernmental Payable	680,050	14,388	694,438
Accrued Interest Payable	99,953	0	99,953
Matured Compensated Absences Payable	33,332	0	33,332
Claims Payable	604,771	0	604,771
Long-Term Liabilities:			
Due Within One Year	2,724,256	0	2,724,256
Due in More Than One Year	41,833,202	0	41,833,202
Net Pension Liability	33,265,189	78,405	33,343,594
Net OPEB Liability	2,047,694	21,381	2,069,075
Total Liabilities	84,740,936	117,937	84,858,873
Deferred Inflows of Resources:			
Property Taxes not Levied to Finance Current Year Operations	13,964,497	0	13,964,497
Pension	2,931,703	3,394	2,935,097
OPEB	4,919,376	23,301	4,942,677
Total Deferred Inflows of Resources	21,815,576	26,695	21,842,271
Net Position:			
Net Investment in Capital Assets	31,552,098	0	31,552,098
Restricted for Capital Outlay	2,231,187	0	2,231,187
Restricted for Other Purposes	1,808,808	0	1,808,808
Restricted for Permanent Fund:			
Non-Expendable	450,000	0	450,000
Expendable	19,807	0	19,807
Unrestricted (Deficit)	(24,927,794)	(71,365)	(24,999,159)
Total Net Position	$11,134,106	($71,365)	$11,062,741

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

Chillicothe City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction:							
Regular	$17,240,889	$317,313	$3,143,741	$0	($13,779,835)	$0	($13,779,835)
Special	7,036,820	101,852	5,093,162	0	(1,841,806)	0	(1,841,806)
Vocational	144,932	2,145	120,837	0	(21,950)	0	(21,950)
Other	194,790	4,241	0	0	(190,549)	0	(190,549)
Support Services:							
Pupils	2,507,671	43,039	1,027,510	0	(1,437,122)	0	(1,437,122)
Instructional Staff	778,408	7,939	442,136	0	(328,333)	0	(328,333)
Board of Education	146,536	3,194	0	0	(143,342)	0	(143,342)
Administration	2,785,001	58,591	209,950	0	(2,516,460)	0	(2,516,460)
Fiscal	770,091	16,017	5,312	0	(748,762)	0	(748,762)
Business	101,061	102	0	0	(100,959)	0	(100,959)
Operation and Maintenance of Plant	4,174,568	73,346	386,148	2,148	(3,712,926)	0	(3,712,926)
Pupil Transportation	2,104,394	35,359	521,053	0	(1,547,982)	0	(1,547,982)
Central	550,542	11,984	0	0	(538,558)	0	(538,558)
Operation of Non-Instructional Services	2,219,071	169,195	2,153,203	0	103,327	0	103,327
Extracurricular Activities	944,180	235,639	12,102	0	(696,439)	0	(696,439)
Interest on Long-Term Debt	1,904,824	0	0	0	(1,904,824)	0	(1,904,824)
Total Governmental Activities	43,603,778	1,079,956	13,115,154	2,148	(29,406,520)	0	(29,406,520)
Business-Type Activities							
Cavalier Athletic Center	152,670	0	0	0	0	(152,670)	(152,670)
Total	$43,756,448	$1,079,956	$13,115,154	$2,148	(29,406,520)	(152,670)	(29,559,190)
General Revenues:							
Property Taxes Levied for:							
General Purposes					11,687,799	0	11,687,799
Debt Service					3,065,230	0	3,065,230
Capital Projects					902,902	0	902,902
Grants and Entitlements not Restricted for Specific Programs					15,408,852	0	15,408,852
Gifts and Donations not Restricted to Specific Programs					2,933	0	2,933
Investment Earnings					440,534	14	440,548
Miscellaneous					416,583	104,598	521,181
Total General Revenues					31,924,833	104,612	32,029,445
Change in Net Position					2,518,313	(48,058)	2,470,255
Net Position Beginning of Year					8,615,793	(23,307)	8,592,486
Net Position End of Year					$11,134,106	($71,365)	$11,062,741

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

Chillicothe City School District
Balance Sheet
Governmental Funds
As of June 30, 2023

	General Fund	Debt Service Fund	ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	$7,942,884	$1,944,873	$10,387	$5,231,995	$15,130,139
Cash and Cash Equivalents in Segregated Accounts	0	0		978	978
Accrued Interest Receivable	11,825	0	0	0	11,825
Accounts Receivable	9,788	0	0	23,962	33,750
Interfund Receivable	1,037,657	0	0	0	1,037,657
Intergovernmental Receivable	155	0	894,141	611,718	1,506,014
Taxes Receivable	12,009,611	3,188,545	0	862,473	16,060,629
Restricted Cash and Cash Equivalents	4,805	0	0	0	4,805
Total Assets	$21,016,725	$5,133,418	$904,528	$6,731,126	$33,785,797
Liabilities:					
Accounts Payable	$8,009	$0	$0	$9,696	$17,705
Accrued Wages and Benefits	2,459,827	0	455,324	519,633	3,434,784
Interfund Payable	0	0	389,540	640,804	1,030,344
Intergovernmental Payable	556,394	0	57,405	66,251	680,050
Matured Compensated Absences Payable	33,332	0	0	0	33,332
Total Liabilities	3,057,562	0	902,269	1,236,384	5,196,215
Deferred Inflows of Resources:					
Property Taxes Not Levied for Current Year Operations	10,461,192	2,765,077	0	738,228	13,964,497
Unavailable Revenue	470,450	139,546	894,141	509,139	2,013,276
Total Deferred Inflows of Resources	10,931,642	2,904,623	894,141	1,247,367	15,977,773
Fund Balances:					
Nonspendable	4,805	0	0	450,000	454,805
Restricted	0	2,228,795	0	4,048,223	6,277,018
Committed	846,971	0	0	181,376	1,028,347
Assigned	433,927	0	0	0	433,927
Unassigned (Deficit)	5,741,818	0	(891,882)	(432,224)	4,417,712
Total Fund Balances	7,027,521	2,228,795	(891,882)	4,247,375	12,611,809
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$21,016,725	$5,133,418	$904,528	$6,731,126	$33,785,797

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

Chillicothe City School District

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

As of June 30, 2023

Total Governmental Fund Balances		$12,611,809
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		70,417,110
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	647,794	
Customer Sales and Service	23,362	
Intergovernmental	1,342,120	
Total		2,013,276
The net pension/OPEB liability (asset) is not due and payable (receivable) in the current period. Therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows-Pension	8,446,457	
Deferred Outflows-OPEB	894,471	
Deferred Inflows-Pension	(2,931,703)	
Deferred Inflows-OPEB	(4,919,376)	
Net Pension Liability	(33,265,189)	
Net OPEB Asset	2,977,101	
Net OPEB Liability	(2,047,694)	
Total		(30,845,933)
Long-term liabilities, including bonds and related liabilities, notes, financed purchases, leases, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Interest Payable	(99,953)	
Compensated Absences	(2,663,138)	
Financed Purchases	(50,000)	
Leases Payable	(147,194)	
Refunding Bonds	(15,890,000)	
Capital Appreciation Bonds	(3,224,308)	
School Facilities Bonds	(19,005,000)	
Tax Anticipation Notes	(815,000)	
Premiums on Bonds	(2,741,873)	
Premiums on Tax Anticipation Notes	(20,945)	
Total		(44,657,411)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,595,255
Net Position of Governmental Activities		$11,134,106

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

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

	General Fund	Debt Service Fund	ESSER Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Local Taxes	$11,640,468	$3,050,108	$0	$901,531	$15,592,107
Intergovernmental	17,335,663	387,595	4,295,039	5,432,478	27,450,775
Interest	401,326	0	0	14,026	415,352
Increase (Decrease) in Fair Value of Investments	9,592	0	0	1,747	11,339
Tuition and Fees	540,586	0	0	1,000	541,586
Rent	46,440	0	0	0	46,440
Extracurricular Activities	71,804	0	0	214,113	285,917
Gifts and Donations	22,926	0	0	50,861	73,787
Customer Sales and Services	37,022	0	0	157,916	194,938
Miscellaneous	328,171	0	0	92,408	420,579
Total Revenues	30,433,998	3,437,703	4,295,039	6,866,080	45,032,820
Expenditures:					
Current:					
Instruction:					
Regular	12,292,630	0	2,252,399	518,411	15,063,440
Special	4,530,733	0	1,000,004	1,847,769	7,378,506
Vocational	91,512	0	0	43,440	134,952
Other	194,790	0	0	0	194,790
Support Services:					
Pupils	1,975,257	0	365,434	229,393	2,570,084
Instructional Staff	343,021	0	69,008	356,038	768,067
Board of Education	146,673	0	0	0	146,673
Administration	2,737,375	0	155,996	28,440	2,921,811
Fiscal	716,398	41,030	4,565	12,405	774,398
Business	4,665	0	0	96,396	101,061
Operation and Maintenance of Plant	3,404,897	0	105,259	678,595	4,188,751
Pupil Transportation	1,638,747	0	321,677	180	1,960,604
Central	546,806	0	0	0	546,806
Operation of Non-Instructional Services	9,060	0	55,963	2,141,334	2,206,357
Extracurricular Activities	701,369	0	0	206,089	907,458
Capital Outlay	10,411	0	705,978	369,107	1,085,496
Debt Service:					
Principal	46,858	2,465,000	0	81,586	2,593,444
Interest	9,421	1,436,700	0	28,397	1,474,518
Total Expenditures	29,400,623	3,942,730	5,036,283	6,637,580	45,017,216
Excess of Revenues Over (Under) Expenditures	1,033,375	(505,027)	(741,244)	228,500	15,604
Other Financing Sources (Uses):					
Transfers In	0	287,600	0	100,000	387,600
Transfers Out	(100,000)	0	0	(287,600)	(387,600)
Total Other Financing Sources (Uses)	(100,000)	287,600	0	(187,600)	0
Net Change in Fund Balances	933,375	(217,427)	(741,244)	40,900	15,604
Fund (Deficit) Balances at Beginning of Year	6,094,146	2,446,222	(150,638)	4,206,475	12,596,205
Fund (Deficit) Balances at End of Year	$7,027,521	$2,228,795	($891,882)	$4,247,375	$12,611,809

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

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

Net Change in Fund Balances - Total Governmental Funds		$15,604
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital asset additions in the current period.		
Capital Asset Additions	1,085,496	
Current Year Depreciation	(2,854,170)	
Total		(1,768,674)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.		
Loss on Disposal of Capital Assets		(565,502)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	63,824	
Customer Sales and Service	11,075	
Miscellaneous	(3,996)	
Intergovernmental	988,752	
Total		1,059,655
Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		
Pension	2,849,778	
OPEB	113,312	
Total		2,963,090
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,396,939)	
OPEB	673,950	
Total		(2,722,989)
Repayments of bond, note, financed purchase, and lease principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		2,593,444
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position.		
Premium	230,467	
Annual Accretion of Capital Appreciation Bonds	(662,273)	
Total		(431,806)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Decrease in Compensated Absences	250,290	
Decrease in Interest Payable	1,500	
Total		251,790
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenses and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		1,123,701
Net Change in Net Position of Governmental Activities		$2,518,313

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

Chillicothe City School District
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget: Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property and Other Local Taxes	$11,493,509	$11,483,565	$11,483,565	$0
Intergovernmental	16,585,500	17,612,445	17,576,788	(35,657)
Interest	34,486	344,396	390,092	45,696
Tuition and Fees	422,045	539,779	539,581	(198)
Rent	67,816	43,940	46,440	2,500
Extracurricular Activities	18,023	19,372	19,872	500
Gifts and Donations	2	2,733	2,733	0
Customer Sales and Services	10,628	9,409	9,409	0
Miscellaneous	71,470	288,362	289,277	915
Total Revenues	28,703,479	30,344,001	30,357,757	13,756
Expenditures:				
Current:				
Instruction:				
Regular	13,537,949	12,624,380	12,507,505	116,875
Special	3,812,534	4,701,618	4,649,498	52,120
Vocational	48,665	80,034	80,034	0
Student Intervention Services	14,191	6,561	0	6,561
Other	778,651	194,790	194,790	0
Support Services:				
Pupils	1,812,381	2,019,539	2,012,109	7,430
Instructional Staff	622,364	348,198	337,911	10,287
Board of Education	161,102	151,207	151,207	0
Administration	2,592,441	2,764,445	2,757,774	6,671
Fiscal	829,186	886,031	739,107	146,924
Business	36,702	6,805	4,915	1,890
Operation and Maintenance of Plant	2,888,615	3,624,541	3,618,874	5,667
Pupil Transportation	1,497,881	1,712,091	1,711,319	772
Central	604,818	568,045	568,046	(1)
Operation of Non-Instructional Services	10,986	9,060	9,060	0
Extracurricular Activities	728,781	670,531	670,077	454
Capital Outlay	0	605,148	605,148	0
Total Expenditures	29,977,247	30,973,024	30,617,374	355,650
Excess of Revenues Under Expenditures	(1,273,768)	(629,023)	(259,617)	369,406
Other Financing Sources (Uses):				
Transfers In	0	12,356	12,356	0
Advances In	200,000	1,179,451	1,179,453	2
Insurance Recoveries	81	0	0	0
Transfers Out	(100,000)	(199,999)	(200,000)	(1)
Advances Out	(200,000)	(1,038,723)	(1,038,724)	(1)
Total Other Financing Sources (Uses)	(99,919)	(46,915)	(46,915)	0
Net Change in Fund Balance	(1,373,687)	(675,938)	(306,532)	369,406
Fund Balance at Beginning of Year	6,130,083	6,130,083	6,130,083	0
Prior Year Encumbrances Appropriated	845,236	845,236	845,236	0
Fund Balance at End of Year	$5,601,632	$6,299,381	$6,668,787	$369,406

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

Chillicothe City School District
Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual
(Non-GAAP Budgetary Basis)
ESSER Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$9,524,183	$4,686,876	$4,686,876	$0
Total Revenues	9,524,183	4,686,876	4,686,876	0
Expenditures:				
Current:				
Instruction:				
Regular	1,721,876	2,186,470	2,186,470	0
Special	472,556	952,225	952,225	0
Other	573,409	0	0	0
Support Services:				
Pupils	578,649	385,782	385,782	0
Instructional Staff	178,623	73,061	73,061	0
Administration	115,845	161,143	161,143	0
Fiscal	0	4,565	4,565	0
Operation and Maintenance of Plant	1,733,596	107,474	107,474	0
Pupil Transportation	1,394,738	317,684	317,684	0
Central	48,077	0	0	0
Operation of Non-Instructional Services	5,580	73,453	73,453	0
Extracurricular Activities	6,392	0	0	0
Capital Outlay	2,037,073	715,978	715,978	0
Total Expenditures	8,866,414	4,977,835	4,977,835	0
Excess of Revenues Over (Under) Expenditures	657,769	(290,959)	(290,959)	0
Other Financing Sources (Uses):				
Advances In	0	389,540	389,540	0
Advances Out	(330,961)	(946,645)	(946,645)	0
Total Other Financing Sources (Uses)	(330,961)	(557,105)	(557,105)	0
Net Change in Fund Balance	326,808	(848,064)	(848,064)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	849,260	849,260	849,260	0
Fund Balance at End of Year	$1,176,068	$1,196	$1,196	$0

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

Chillicothe City School District

Statement of Fund Net Position

Proprietary Funds

As of June 30, 2023

	Nonmajor Enterprise Fund	Governmental Activities Internal Service Fund
Assets:		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	$11,273	$0
Cash and Cash Equivalents with Fiscal Agents	0	2,200,026
Total Current Assets	11,273	2,200,026
Total Assets	11,273	2,200,026
Deferred Outflows of Resources:		
Pension	33,494	0
OPEB	35,813	0
Total Deferred Outflows of Resources	69,307	0
Liabilities:		
Current Liabilities:		
Accounts Payable	600	0
Accrued Wages and Benefits	3,163	0
Interfund Payable	7,313	0
Intergovernmental Payable	14,388	0
Claims Payable	0	604,771
Total Current Liabilities	25,464	604,771
Noncurrent Liabilities:		
Net Pension Liability	78,405	0
Net OPEB Liability	21,381	0
Total Noncurrent Liabilities	99,786	0
Total Liabilities	125,250	604,771
Deferred Inflows of Resources:		
Pension	3,394	0
OPEB	23,301	0
Total Deferred Inflows of Resources	26,695	0
Net Position:		
Unrestricted (Deficit)	(71,365)	1,595,255
Total Net Position	($71,365)	$1,595,255

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

Chillicothe City School District

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Fiscal Year Ended June 30, 2023

	Nonmajor Enterprise Fund	Governmental Activities Internal Service Fund
Operating Revenues:		
Charges for Services	$0	$4,939,210
Other	104,598	0
Total Operating Revenues	104,598	4,939,210
Operating Expenses:		
Salaries	41,960	0
Fringe Benefits	54,883	0
Purchased Services	42,639	1,027,254
Materials and Supplies	7,319	0
Claims	0	2,817,871
Other	5,869	0
Total Operating Expenses	152,670	3,845,125
Operating Income (Loss)	(48,072)	1,094,085
Nonoperating Revenues:		
Interest	14	29,616
Total Nonoperating Revenues	14	29,616
Net Change in Net Position	(48,058)	1,123,701
Net Position Beginning of Year	(23,307)	471,554
Net Position End of Year	($71,365)	$1,595,255

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

Chillicothe City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Nonmajor Enterprise Fund	Governmental Activities Internal Service Fund
Increase (Decrease) in Cash and Cash Equivalents:		
Cash Flows from Operating Activities:		
Cash Received for Charges for Services and Sales	$0	$4,939,210
Cash Paid for Personal Services	(50,505)	0
Cash Paid for Purchased Services	(42,244)	(1,027,254)
Cash Paid for Supplies and Materials	(7,319)	0
Cash Paid for Other Purposes	(5,869)	0
Cash Paid for Claims	0	(2,895,471)
Other Cash Received	104,598	0
Net Cash Flows Provided (Used) by Operating Activities	(1,339)	1,016,485
Cash Flows from Financing Activities:		
Advance Paid to General Fund	2	0
Net Cash Flows Provided by Financing Activities	2	0
Cash Flows from Investing Activities:		
Interest	14	29,616
Net Cash Flows Provided by Investing Activities	14	29,616
Net Increase (Decrease) in Cash and Cash Equivalents	(1,323)	1,046,101
Cash and Cash Equivalents at Beginning of Year	12,596	1,153,925
Cash and Cash Equivalents at End of Year	$11,273	$2,200,026
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	($48,072)	$1,094,085
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Increase in Accounts Payable	395	0
Decrease in Accrued Wages and Benefits	(518)	0
Increase in Intergovernmental Payable	12,945	0
Decrease in Claims Payable	0	(77,600)
Decrease in Deferred Outflows of Resources	34,454	0
Decrease in Deferred Inflows of Resources	(21,461)	0
Increase in Net Pension Liability	26,923	0
Decrease in Net OPEB Liability	(6,005)	0
Net Cash Provided (Used) by Operating Activities	($1,339)	$1,016,485

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

Chillicothe City School District
Statement of Fiduciary Net Position
Fiduciary Fund
As of June 30, 2023

	Custodial Fund
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$147,284
Accounts Receivable	22,383
Total Current Assets	169,667
Total Assets	169,667
Liabilities:	
Current Liabilities:	
Accrued Wages and Benefits	7,483
Intergovernmental Payable	37
Total Current Liabilities	7,520
Total Liabilities	7,520
Net Position:	
Restricted for Individuals, Organizations and Other Governments	162,147
Total Net Position	$162,147

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

Chillicothe City School District

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2023

	Custodial Fund
Additions:	
Amounts Received as Fiscal Agent	$398,303
Total Additions	398,303
Deductions:	
Distributions as Fiscal Agent	235,449
Total Deductions	235,449
Net Change in Net Position	162,854
Net Position Beginning of Year	(707)
Net Position End of Year	$162,147

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

NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 169 non-certified employees, 199 certificated full-time teaching personnel and 15 administrative employees who provide services to 2,671 students and other community members. The School District currently operates five instructional buildings, one administrative building, one maintenance building, one bus garage, and an athletic center.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; (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. Based on the foregoing, the School District does not have any component units requiring reporting.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Parent Teacher Organizations
- Ross-Pike Educational Service District
- City of Chillicothe

The following activities are included within the reporting entity:

Bishop Flaget Parochial School-Within the School District boundaries, the Bishop Flaget Parochial School, a school that provides classes for kindergarten through eighth grade, is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this parochial school. Monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as a public entities risk pool, and one as an insurance purchasing pool. These organizations are the Miami Valley Educational Computer Association, META Solutions, Pickaway-Ross Career and Technology Center, Jefferson Health Plan, and Schools of Ohio Risk Sharing Authority. These organizations are presented in note 15 of the notes to the basic financial statements.

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

Basis of Presentation-Fund Accounting

Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts. The funds of the School District are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

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

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

Debt Service Fund
The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Elementary and Secondary School Emergency Relief (ESSER) Fund
The ESSER fund is a special revenue fund used to account for emergency relief grants to school districts related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds
These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The School District's nonmajor enterprise fund is used to account for activity of the Cavalier Athletic Center.

Internal Service Funds
Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's internal service fund accounts for the self-insurance program for employee medical claims.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund is a custodial fund which is used to account for activity of the Ross County Family and Children First Council, for which the School District acts as fiscal agent. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

Basis of Presentation and Measurement Focus

Basis of Presentation

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

During the 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by fund type.

Measurement Focus

Government-wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary and fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

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

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, investment earnings, tuition and fees, and grants.

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits. These items are further explained in notes 10 and 11.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes, pension, other post-employment benefits, and unavailable revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Unavailable revenue is reported only on the governmental fund balance sheet and represents grants and entitlements, customers sales and services, and other miscellaneous revenue not received within the available period and delinquent property taxes due at June 30, 2023. Deferred inflows of resources related to pension and other post-employment benefits are reported on the government-wide statement of net position and are further explained in notes 10 and 11.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave, which are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets

Budgetary Process

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

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

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

Encumbrances

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a restriction, commitment, or assignment on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as restricted, committed, or assigned fund balance for subsequent year expenditures for governmental funds. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

Cash and Cash Equivalents

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

During fiscal year 2023, investments were limited to money market accounts, U.S. treasury obligations, U.S. government agency securities, commercial paper, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

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

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits and redemptions of $100 million or more. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to $401,326. Nonmajor Governmental Funds, the Internal Service Fund, and the Nonmajor Enterprise Fund earned interest revenue of $14,026, $29,616, and $14, respectively. The School District also experienced increases in fair value of investments of $9,592 in the General Fund and $1,747 in Nonmajor Governmental Funds.

Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Estimated Lives
Land Improvements	10-20 years
Building and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	4-8 years

Amortization of intangible right to use leased assets is computed using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. Bonds, notes, financed purchases, and leases are recognized as a liability on the government-wide financial statements when due.

Interfund Transactions

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

Net Position

Net position represents the difference between assets, liabilities, and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to use by grantors.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the School District's restricted net position is restricted by enabling legislation.

Fund Balance

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

Nonspendable – The nonspendable fund balance 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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts would represent intended uses established by the School District's Board of Education.

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

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

Estimates

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

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the interest accrued during the fiscal year. Bond premiums and the interest on the capital appreciation bonds are presented as a reduction/addition of the face amount of the bonds payable. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciations bonds is recorded as an expenditure when the debt becomes due.

Pensions/OPEB

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

Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District's Enterprise Fund, these revenues are membership fees, advertising, tournament fees, and other charges. For the Internal Service Fund, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 3-ACCOUNTABILITY

At June 30, 2023, the ESSER major fund had a deficit fund balance in the amount of $891,882, while the Public School Preschool, Miscellaneous State Grants, Title VI-B, Title I – School Improvement, Title I, Drug Free Schools, and Title VI-R Nonmajor Special Revenue Funds had deficit fund balances of $47,858, $5,031, $125,233, $16,492, $189,810, $26,551, and $21,249, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4-BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statements of revenues, expenditures and changes in fund balance – budget and actual – (non-GAAP budgetary basis) for the General Fund and ESSER Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance.
4. In accordance with generally accepted accounting principles, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the entire Rotary Fund and Termination Benefits Fund and a portion of the Public School Support Fund.

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

Net Change in Fund Balance

	General	ESSER
GAAP Basis	$933,375	($741,244)
Revenue and Other Financing Sources Accruals	1,232,088	781,377
Expenditures and Other Financing Uses Accruals	(1,415,038)	(879,006)
Encumbrances	(976,016)	(9,191)
(Excess) Deficit of Funds Combined with General Fund for Reporting Purposes	(80,941)	0
Budget Basis	($306,532)	($848,064)

NOTE 5-DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2023, the School District's self-insurance internal service fund had a balance of $2,200,026 with the Jefferson Health Plan, a claims servicing pool (see note 9). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

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. As of June 30, 2023, the School District's bank balance of $1,219,919 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner 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 Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

Investment Type	Fair Value	Less than 1 Year	1-2 Years	3-5 Years	% of Total	Credit Rating (S&P)
Money Market Funds	$482,800	$482,800	$0	$0	3%	AAAm
Federal Home Loan Bank	1,222,056	579,474	431,948	210,634	9%	AA+
US Treasury Note	568,108	568,108	0	0	4%	AA+
Commercial Paper	1,524,830	1,524,830	0	0	11%	A-1
STAR Ohio	10,348,315	10,348,315	0	0	73%	AAAm
Total	$14,146,109	$13,503,527	$431,948	$210,634	100%	

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. The above chart identifies the School District's recurring fair value measurements as of June 30, 2023. The money market fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). As discussed further in note 2, STAR Ohio is reported at its share price. All other investments are measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk. As a means to limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy requires that investment portfolio maturities are limited to five years or less.

Credit Risk. The School District's investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The negotiable certificates of deposit are not rated but are covered by FDIC as described in the deposits section above.

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 credit risk beyond the requirements in State statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District places no limit on the amount that may be invested in any one issuer.

NOTE 6-PROPERTY TAXES

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

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

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which 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	$415,683,740	90.33%	$486,080,800	91.16%
Public Utility	44,484,770	9.67%	47,132,280	8.84%
Total Assessed Value	$460,168,510	100.00%	$533,213,080	100.00%
Tax Rate per $1,000 of Assessed Valuation	$53.20		$52.40	

The School District receives property taxes from Ross 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2023, was $1,077,969 in the General Fund, $283,922 in the Debt Service Fund and $86,447 in the Permanent Improvement Fund.

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

NOTE 7-RECEIVABLES

Receivables at June 30, 2023, consisted of property taxes, accounts (rent, tuition and student fees), interest, interfund, and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables is as follows:

Major Funds:	
General	$155
ESSER	894,141
Nonmajor Special Revenue Funds:	
Early Childhood	47,857
Miscellaneous State	151,795
IDEA Early Childhood	125,227
School Improvement	16,492
Title I	189,790
Drug Free	34,365
Title II-A	30,404
Miscellaneous Federal	15,788
Total Nonmajor Funds	611,718
Total All Funds	$1,506,014

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NOTE 8-CAPITAL ASSETS

Capital assets activity of the fiscal year ended June 30, 2023 was as follows:

	Ending Balance 6/30/22	Additions	Deletions	Ending Balance 6/30/23
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	$607,140	$0	$0	$607,140
Total Capital Assets, Not Being Depreciated	607,140	0	0	607,140
Capital Assets Being Depreciated				
Land Improvements	2,016,896	91,900	(59,897)	2,048,899
Buildings and Improvements	92,795,278	426,305	(169,313)	93,052,270
Furniture and Equipment	6,171,092	70,273	(1,163,214)	5,078,151
Vehicles	3,007,788	497,018	(202,104)	3,302,702
Intangible Right to Use Leased Asset	251,340	0	0	251,340
Total Capital Assets, Being Depreciated	104,242,394	1,085,496	(1,594,528)	103,733,362
Less Accumulated Depreciation				
Land Improvements	(921,959)	(67,859)	18,853	(970,965)
Buildings and Improvements	(25,015,885)	(2,223,570)	47,639	(27,191,816)
Furniture and Equipment	(3,901,191)	(314,178)	766,040	(3,449,329)
Vehicles	(2,198,459)	(197,740)	196,494	(2,199,705)
Intangible Right to Use Leased Asset	(60,754)	(50,823)	0	(111,577)
Total Accumulated Depreciation	(32,098,248)	(2,854,170)	1,029,026	(33,923,392)
Total Capital Assets Being Depreciated, Net	72,144,146	(1,768,674)	(565,502)	69,809,970
Governmental Activities Capital Assets, Net	$72,751,286	($1,768,674)	($565,502)	$70,417,110

Of the current year depreciation total of $2,854,170, $50,823 is presented as various expenses on the Statement of Activities related to the School District's intangible asset of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, "Leases", a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Depreciation expense was charged to the governmental functions as follows:

Instruction:	
Regular	$2,354,011
Special	4,116
Vocational	3,629
Support Services:	
Instructional Staff	12,810
Administration	7,208
Fiscal	2,627
Operation and Maintenance of Plant	123,391
Pupil Transportation	215,615
Central	9,239
Operation of Non-Instrumental Services	67,803
Extracurricular Activities	53,721
Total Depreciation Expense	$2,854,170

NOTE 9-RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with Schools of Ohio Risk Sharing Authority for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

General Liability:	
General Aggregate Limit	$17,000,000
Each Occurrence	15,000,000
Employers Stop Gap Liability:	
Bodily Injury by Accident – Each Occurrence	15,000,000
Bodily Injury by Disease – Each Employee	15,000,000
Bodily Injury by Disease – Policy Limit	15,000,000
Educators Liability ($5,000 Deductible):	
Wrongful Act Aggregate Limit	15,000,000
Wrongful Act Each Occurrence	15,000,000
Employee Benefits Liability	15,000,000
Automobile Liability:	
Bodily Injury and Property Damage – Each Occurrence	15,000,000
Uninsured/Underinsured Motorist Aggregate Limit	1,000,000
Automobile Physical Damage ($1,000 Deductible):	
Each Occurrence	Actual Cash Value
Property Insurance:	
Building/Contents ($500 Deductible)	350,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District reviewed its insurance coverages and made modifications where deemed appropriate.

The School District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs. The School District did not qualify for a Group Rating Plan due to prior claims. Participation in a GRP is limited to school districts that can meet the GRP's selection criteria.

Employee Benefits

The School District provides dental insurance through Trustmark, vision insurance through Vision Service Plan, life insurance through the Metropolitan Educational Council, and supplemental life insurance through Grady Enterprises.

Medical insurance is offered to employees through a self-insurance internal service fund. The School District is a member of a claims servicing pool, consisting of 95 school districts within the State, in which monthly premiums for the cost of claims are remitted to the fiscal agent, Jefferson Health Plan, who in turn pays the claims on the School District's behalf. The claims liability of $604,771 reported in the internal service fund at June 30, 2023 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Financing Omnibus." These standards require that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. The estimate was not affected by incremental claim adjustment expense and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2023	$682,371	$2,817,871	$2,895,471	$604,771
2022	548,003	3,256,739	3,122,371	682,371

NOTE 10-DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

School Employees Retirement System (SERS)

Plan Description – School District nonteaching 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 2.5 percent COLA for calendar year 2023.

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 contributions to SERS were $763,344 for fiscal year 2023. Of this amount, $0 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined 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 upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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 contributions to STRS were $2,094,067 for fiscal year 2023. Of this amount, $407,633 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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
Proportion of the Net Pension Liability Current Measurement Date	0.14392120%	0.114975580%	
Proportion of the Net Pension Liability Prior Measurement Date	0.13800710%	0.109403642%	
Change in Proportionate Share	0.00591410%	0.005571938%	
Proportionate Share of the Net Pension Liability	$7,784,378	$25,559,216	$33,343,594
Pension Expense	$435,010	$2,999,419	$3,434,429

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$315,271	$327,194	$642,465
Changes of assumptions	76,810	3,058,672	3,135,482
Net difference between projected and actual earnings on pension plan investments	0	889,404	889,404
Changes in proportion and differences between School District contributions and proportionate share of contributions	258,352	696,837	955,189
School District contributions subsequent to the measurement date	763,344	2,094,067	2,857,411
Total Deferred Outflows of Resources	$1,413,777	$7,066,174	$8,479,951
Deferred Inflows of Resources			
Differences between expected and actual experience	$51,103	$97,770	$148,873
Changes of assumptions	0	2,302,300	2,302,300
Net difference between projected and actual earnings on pension plan investments	271,637	0	271,637
Changes in proportion and differences between School District contributions and proportionate share of contributions	36,207	176,080	212,287
Total Deferred Inflows of Resources	$358,947	$2,576,150	$2,935,097

$2,857,411 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$136,751	$139,536	$276,287
2025	91,356	130,808	222,164
2026	(388,041)	(466,514)	(854,555)
2027	451,420	2,592,127	3,043,547
Total	$291,486	$2,395,957	$2,687,443

Actuarial Assumptions – SERS

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

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

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

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:

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

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 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/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability was calculated using the discount rate of 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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$11,458,233	$7,784,378	$4,689,205

Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Inflation	2.50 percent	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 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. An actuarial experience study is done on a quinquennial basis. Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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 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 July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.
**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent. 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	$38,610,671	$25,559,216	$14,521,726

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

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

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. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $114,457.

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 for health care was $114,457 for fiscal year 2023. Of this amount, $114,457 was reported as an intergovernmental payable.

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), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 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 and OPEB expense (gain):

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	0.14736890%	0.114975580%	
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.14105230%	0.109403642%	
Change in Proportionate Share	0.00631660%	0.005571938%	
Proportionate Share of the Net OPEB Liability	$2,069,075	$0	$2,069,075
Proportionate Share of the Net OPEB Asset	$0	($2,977,101)	($2,977,101)
OPEB Expense (Gain)	($121,745)	($547,006)	($668,751)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$17,394	$43,157	$60,551
Changes of assumptions	329,113	126,815	455,928
Net difference between projected and actual earnings on pension plan investments	10,752	51,820	62,572
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	236,464	312	236,776
School District contributions subsequent to the measurement date	114,457	0	114,457
Total Deferred Outflows of Resources	$708,180	$222,104	$930,284
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,323,533	$447,098	$1,770,631
Changes of assumptions	849,370	2,111,052	2,960,422
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	186,350	25,274	211,624
Total Deferred Inflows of Resources	$2,359,253	$2,583,424	$4,942,677

$114,457 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($396,540)	($693,335)	($1,089,875)
2025	(409,565)	(682,943)	(1,092,508)
2026	(370,442)	(323,299)	(693,741)
2027	(236,691)	(133,553)	(370,244)
2028	(147,199)	(174,554)	(321,753)
Thereafter	(205,093)	(353,636)	(558,729)
Total	($1,765,530)	($2,361,320)	($4,126,850)

Actuarial Assumptions – SERS

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

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

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

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

Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
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
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability at June 30, 2021 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the 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	$2,569,822	$2,069,075	$1,664,836

	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	$1,595,628	$2,069,075	$2,687,473

Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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. An actuarial experience study is done on a quinquennial basis. Actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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 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 July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022.
**10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent. 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 applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset 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	($2,752,251)	($2,977,101)	($3,169,703)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($3,087,977)	($2,977,101)	($2,837,145)

NOTE 12-EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for administrators, 270 days for teachers/certified staff, and 266 for classified supervisors and staff. Upon retirement, payment is made to teachers at a rate of 35% of the accrued 270 days, but unused sick leave credit to a maximum number of 94.50 days. The calculations change depending on the years of service with the board and number of maximum days for teachers/certified staff. Certified administrators receive 28% of accrued 270 days (75.60 days) and classified supervisors receive 28% of accrued 266 days for a maximum of (74.48 days). This excludes the Superintendent and Treasurer. They have individual contracts. Payments to classified staff who retire is 40 percent of accrued sick leave up to 220 days for a maximum 88 days paid. Payments to classified staff who separate from service for reasons other than retirement (except discharge for just cause) is 25 percent of accrued sick leave up to a maximum of 55 days.

Insurance

The School District provides medical insurance through the Jefferson Health Plan (see note 9), dental insurance through Trustmark, vision insurance through Vision Service Plan, life insurance through the Metropolitan Educational Council, and supplemental life insurance through Grady Enterprises.

Deferred Compensation

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

Attendance Bonus for Classified Employees

Absences from work are counted from July 1 through June 30 each year. Classified employees may be eligible for an “attendance bonus” for not using days for sick or personal leave. This is payable on the second pay in June of the same fiscal year.

NOTE 13-LONG-TERM OBLIGATIONS

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

	Outstanding 6/30/22	Additions	Deductions	Outstanding 6/30/23	Amounts Due within One Year
Governmental Activities:					
2007 Construction Capital Appreciation					
Bonds 17.7712-17.8754%	$320,000	$0	($125,000)	$195,000	$105,000
Accretion of Capital Appreciation Bonds	4,147,035	662,273	(1,780,000)	3,029,308	1,643,695
2016 School Facilities Bonds:					
Series 2016A	10,800,000	0	(260,000)	10,540,000	275,000
Series 2016A Premium	421,120	0	(13,229)	407,891	0
Series 2016B	8,515,000	0	(50,000)	8,465,000	50,000
Series 2016B Premium	763,008	0	(36,478)	726,530	0
2016 Refunding Bonds	15,890,000	0	0	15,890,000	0
2016 Refunding Bonds Premium	1,781,230	0	(173,778)	1,607,452	0
Total General Obligation Bonds	42,637,393	662,273	(2,438,485)	40,861,181	2,073,695
Anticipation Notes:					
2016 PI TANs	1,065,000	0	(250,000)	815,000	260,000
2016 PI TANs Premium	27,927	0	(6,982)	20,945	0
Total Anticipation Notes	1,092,927	0	(256,982)	835,945	260,000
Financed Purchases	129,717	0	(79,717)	50,000	50,000
Leases Payable	195,921	0	(48,727)	147,194	51,165
Compensated Absences	2,913,428	705,828	(956,118)	2,663,138	289,396
Net Pension Liability	19,028,819	14,236,370	0	33,265,189	0
Net OPEB Liability	2,642,144	0	(594,450)	2,047,694	0
Total Governmental Activities					
Long-Term Obligations	$68,640,349	$15,604,471	($4,374,479)	$79,870,341	$2,724,256

General Obligations Bonds

2007 Refunding Obligation Bonds – On December 13, 2006, the School District issued $29,717,026 in general obligation refunding bonds with interest rates from 4 to 4.125 percent, to refund $27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of $6,905,000, $20,695,000 and $320,000, respectively. For 2023, $662,273 was accreted and $1,905,000 was repaid for a total bond value of $3,224,308, which includes accretion of $3,029,308. The remaining capital appreciation bonds will mature in fiscal years 2024 and 2025. The maturity of the remaining bonds is $3,810,000. The bonds will be paid from the Debt Service Fund from tax revenue with the remaining balance of the serial and term bonds refunded in fiscal year 2017 with the 2016 refunding bonds.

School Facilities Construction and Improvement Bonds, Series 2016A and B – During May 2016, the School District issued general obligation bonds in the amounts of $12,650,000 and $8,815,000, respectively, for the purpose of repaying bond anticipation notes that were issued for the purpose of constructing and renovating school facilities and locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission and to provide for furnishing, equipping, and improving these facilities. These bonds were issued with interest rates ranging from 1 to 4 percent and maturity dates of December 1, 2053 and December 1, 2042, respectively. Series A bonds include serial and term bonds in the amounts of $2,670,000 and $9,980,000, respectively. Series B bonds include serial and term bonds in the amounts of $7,815,000 and $1,000,000, respectively. The bonds will be paid from the Debt Service Fund.

The Series A term bonds maturing on December 1, 2036 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

Year	Amount
2025	$5,000
2026	5,000
2027	5,000
2028	5,000
2029	5,000
2030	5,000
2031	5,000
2032	5,000
2033	5,000
2034	5,000
2035	5,000

The remaining principal amount of the term bonds ($5,000) will be paid at stated maturity on December 1, 2036.

The Series A term bonds maturing on December 1, 2046 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

Year	Amount
2037	$5,000
2038	5,000
2039	10,000
2040	10,000
2041	10,000
2042	315,000
2043	695,000
2044	730,000
2045	765,000

The remaining principal amount of the term bonds ($805,000) will be paid at stated maturity on December 1, 2046.

The Series A term bonds maturing on December 1, 2053 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

Year	Amount
2047	$845,000
2048	875,000
2049	905,000
2050	935,000
2051	970,000
2052	1,000,000

The remaining principal amount of the term bonds ($1,040,000) will be paid at stated maturity on December 1, 2053.

The Series B term bonds maturing on December 1, 2042 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

Year	Amount
2041	$640,000

The remaining principal amount of the term bonds ($360,000) will be paid at stated maturity on December 1, 2042.

2016 Refunding Bonds – During September 2016, the School District issued general obligation bonds in the amount of $23,385,000 for the purpose of currently refunding a portion of the School District's 2007 Refunding Obligations Bonds. The School District decreased its total debt service payments by $3,673,617 as a result of this refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of $3,071,265 and incurred an accounting gain of $78,083 (difference between reacquisition price and net carrying amount of old debt). These bonds were issued with interest rates ranging from 2 to 5 percent and maturity dates of December 1, 2032. The bonds will be paid from the Debt Service Fund.

Anticipation Notes – During August 2016, the School District issued permanent improvement tax anticipation notes (TANs) in the amount of $2,500,000. These TANs were issued in anticipation of the collection of the proceeds of the two and five-tenths (2.5) mill continuing permanent improvement levy approved by electors of the School District on March 2, 2004 for the purpose of funding general, ongoing permanent improvements. These TANs were issued with interest rates ranging from 1 percent to 4 percent and a maturity date of December 1, 2025.

Principal and interest requirements to retire general obligation debt at June 30, 2023 are as follows:

	2016 Refunding Bonds	
Fiscal Year Ending	Principal	Interest
2024	$0	$652,700
2025	0	652,700
2026	1,710,000	652,700
2027	1,795,000	567,200
2028	1,870,000	495,400
2029-2033	10,515,000	1,294,200
Totals	$15,890,000	$4,314,900

	General Obligation Bonds 2007 Capital Appreciation	
Fiscal Year Ending	Principal	Interest
2024	$105,000	$1,800,000
2025	90,000	1,815,000
Totals	$195,000	$3,615,000

Fiscal Year Ending	2016 School Facilities Construction and Improvement Bonds		2016 PI TANS	
	Principal	Interest	Principal	Interest
2024	$325,000	$734,700	$260,000	$32,600
2025	335,000	722,500	270,000	22,200
2026	350,000	711,050	285,000	11,400
2027	360,000	698,625	0	0
2028	375,000	683,975	0	0
2029-2033	2,085,000	3,204,275	0	0
2034-2038	2,520,000	2,763,625	0	0
2039-2043	3,090,000	2,218,650	0	0
2044-2048	3,840,000	1,443,588	0	0
2049-2053	4,685,000	602,962	0	0
2054	1,040,000	18,200	0	0
Totals	$19,005,000	$13,802,150	$815,000	$66,200

Financed Purchase Agreements

During a previous fiscal year, the School District entered into financed purchases for copier equipment and to finance the purchase of property, improvements, and equipment. These agreements meet the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed purchase payments are reflected as debt service expenditures in the fund financial statements. Principal payments made during fiscal year 2023 totaled $79,717 from the Permanent Improvement Capital Projects Fund.

The agreements provide for minimum annual financed purchase payments as follows:

Fiscal Year Ending June 30,	Financed Purchase Principal	Financed Purchase Interest
2024	$50,000	$488
Totals	$50,000	$488

Leases Payable

In previous fiscal years, the School District entered into agreements for the use of copier equipment. Due to the implementation of GASB 87, these leases have met the criteria of leases thus requiring them to be recorded by the School District. Lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. Principal payments are being made from the general fund and other nonmajor governmental funds.

A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest
2024	$51,165	$7,359
2025	53,722	4,802
2026	42,307	1,586
Total	$147,194	$13,747

Compensated absences payable will be paid from the funds in which the employees were paid, with the most significant being the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was $15,127,972 and the unvoted debt margin was $533,213 at June 30, 2023.

NOTE 14-INTERFUND ACTIVITY

Transfers

For the year ended June 30, 2023, the School District had the following interfund transactions:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	$0	$100,000
Debt Service Fund	287,600	0
Nonmajor Governmental Fund:		
Permanent Improvement Fund	100,000	287,600
Total All Funds	$387,600	$387,600

During the year, the School District's Permanent Improvement Fund transferred funds to Bond Retirement Fund to provide funds for the debt repayment plan associated with the OFCC project.

Interfund Receivables/Payables

As of June 30, 2023, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivable	Interfund Payables
Major Funds:		
General Fund	$1,037,657	$0
ESSER Fund	0	389,540
Nonmajor Governmental Funds:		
Miscellaneous State Grants	0	146,967
VI-B Special Education	0	119,076
School Improvement Grant	0	23,039
Title I	0	270,071
Drug Free	0	26,241
Early Childhood Special Education	0	46
Title VI-R	0	13,355
Miscellaneous Federal Grants	0	9,560
Preschool	0	11,365
District Managed Activities	0	21,084
Total Nonmajor Governmental Funds	0	640,804
Nonmajor Enterprise Fund:		
Cavalier Athletic Center	0	7,313
Total All Funds	$1,037,657	$1,037,657

During the year, the School District's General Fund made advances to other funds in anticipation of intergovernmental grant revenue or to cover negative cash balances until additional funding is received.

NOTE 15-JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK AND INSURANCE PURCHASING POOLS

Jointly Governed Organizations

Miami Valley Educational Computer Association – The Miami Valley Educational Computer Association (MVECA) is a jointly governed organization consisting of 42 school districts, service centers, community schools, STEM schools, and parochial schools in Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery, and Ross Counties. The jointly governed 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. Each of the governments of these schools supports MVECA and shares in a percentage of equity based on the resources provided. MVECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. To obtain financial information write to: Director, 330 East Enon Road, Yellow Springs, Ohio 45387.

Metropolitan Educational Technology Association (META) Solutions – In June 2023, the School District switched from MVECA to META for technology services. META Solutions is an educational solutions partner providing services across Ohio. META Solutions provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META Solutions consists of a president, vice president and six board members who represent the members of META Solutions. The board works with META Solutions’ Chief Executive Officer, Chief Operating Officer, an Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member’s degree of control is limited to its representation on the Board. The School District paid META Solutions $1,470 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Pickaway-Ross Career and Technology Center – The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various elected city and county school boards within Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Todd Stahr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Public Entity Risk Pool

Jefferson Health Plan – The School District participates in the Jefferson Health Plan (the Plan), a risk-sharing, claims servicing, and insurance purchasing pool comprised of over one hundred members, including two insurance consortiums. Each participant appoints a member of the Plan’s assembly. The Plan’s business and affairs are conducted by a nine-member Board of Directors elected from the assembly. The Plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from $35,000 to $150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and $500,000, and all claims between the deductible and the $500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants.

All participants pay a premium rate that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding $500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third-party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life.

Jefferson County Educational Service Center serves as fiscal agent. To obtain financial information write to the Center, at 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Insurance Purchasing Pool

*Schools of Ohio Risk Sharing Authority Board – T*he School District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine-member Board of Directors consisting of a President, Vice President, Secretary, Treasurer, and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the School District's property and persons. It is intended to provide liability and property insurance at reduced premiums for the participants. The School District pays an annual premium to SORSA for this coverage. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

NOTE 16-SET-ASIDE CALCULATIONS/FUND BALANCE RESTRICTIONS

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

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

	Capital Acquisition
Set Aside Balance as of June 30, 2022	$0
Current Year Set Aside Requirement	596,248
Prior Year Offsets	(131,845)
Current Year Qualifying Expenditures	(464,403)
Total	$0
Balance Carried Forward to Fiscal Year 2024	$0
Set-Aside Balance June 30, 2023	$0

The carryover amount in the capital acquisition set-aside is limited to the qualifying expenditures or the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was $18,027,818 as of June 30, 2023.

NOTE 17-FUND BALANCES

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

	General Fund	Debt Service Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Library Purposes	$0	$0	$0	$450,000	$450,000
Unclaimed Monies	4,805	0	0	0	4,805
Total Nonspendable	4,805	0	0	450,000	454,805
Restricted for					
Capital Projects and Maintenance	0	0	0	3,141,943	3,141,943
Other Purposes	0	0	0	765,389	765,389
Student Managed Activities	0	0	0	140,891	140,891
Debt Service	0	2,228,795	0	0	2,228,795
Total Restricted	0	2,228,795	0	4,048,223	6,277,018
Committed for					
Services and Supplies	594,737	0	0	181,376	776,113
Termination Benefits	252,234	0	0	0	252,234
Total Committed	846,971	0	0	181,376	1,028,347
Assigned to					
Student and Staff Support	54,917	0	0	0	54,917
Services and Supplies	379,010	0	0	0	379,010
Total Assigned	433,927	0	0	0	433,927
Unassigned (Deficit)	5,741,818	0	(891,882)	(432,224)	4,417,712
Total Fund Balances	$7,027,521	$2,228,795	($891,882)	$4,247,375	$12,611,809

NOTE 18 – CONTINGENCIES

Grants

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

Litigation

The School District is not currently party to legal proceedings.

State Foundation Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE has finalized these adjustments which have been accounted for in the accompanying financial statements.

NOTE 19 – COMMITMENTS

Encumbrances

At June 30, 2023, the School District had significant encumbrance commitments in governmental funds as follows:

Major Funds	
General	$988,088
ESSER	9,191
Nonmajor Funds	
Permanent Improvement	109,154
Title I	79,051

Contractual Commitments

At June 30, 2023, the School District had a contract outstanding with Ameresco, Inc. in the amount of $425,000 for HVAC updates at the Mt. Logan building. No payments have been made on this contract as of fiscal year end.

NOTE 20 – COVID-19

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

NOTE 21 – NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 96, "Subscription-Based Information Technology Arrangements".

GASB Statement No. 96 provides accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs). It is based on the standards established in Statement 87, "Leases". It:

- Defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction;
- Requires governments with SBITAs to recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability (with an exception for short-term SBITAs—those with a maximum possible term of 12 months); and

- Provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA.

These changes were considered in the preparation of the School District's 2023 financial statements; however, there was no effect on beginning net position/fund balance nor was note disclosure presentation required.

Chillicothe City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Teachers Retirement System										
School District's proportion of the net pension liability	0.10857377%	0.10857377%	0.11320302%	0.11495518%	0.11323341%	0.11232366%	0.10889470%	0.10865628%	0.109403642%	0.114975580%
School District's proportionate share of the net pension liability	$31,458,107	$26,408,898	$31,286,004	$38,478,964	$26,898,839	$24,697,451	$24,081,408	$26,290,954	$13,988,239	$25,559,216
School District's covered payroll	$10,958,115	$10,683,146	$10,995,771	$13,174,171	$13,237,257	$12,532,043	$12,837,271	$13,293,436	$12,988,550	$14,519,100
School District's proportionate share of the net pension liability as a percentage of its covered payroll	287.1%	247.2%	284.5%	292.1%	203.2%	197.1%	187.6%	197.8%	107.7%	176.0%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%	87.8%	78.9%
School Employees Retirement System										
School District's proportion of the net pension liability	0.11587900%	0.11587900%	0.12520490%	0.13317600%	0.13309090%	0.14172080%	0.14252540%	0.13885580%	0.13800710%	0.14392120%
School District's proportionate share of the net pension liability	$6,890,954	$5,864,570	$7,144,312	$9,747,254	$7,951,887	$8,116,613	$8,527,545	$9,184,215	$5,092,062	$7,784,378
School District's covered payroll	$4,026,510	$4,167,597	$3,704,401	$4,209,571	$4,228,114	$4,393,304	$4,551,941	$4,634,607	$4,622,157	$5,593,114
School District's proportionate share of the net pension liability as a percentage of its covered payroll	171.1%	140.7%	192.9%	231.5%	188.1%	184.7%	187.3%	198.2%	110.2%	139.2%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%	82.9%	75.8%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
See accompanying notes to the required supplementary information.

Chillicothe City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Fiscal Years

	2017	2018	2019	2020	2021	2022	2023
State Teachers Retirement System							
School District's proportion of the net OPEB liability (asset)	0.11495518%	0.11323341%	0.11232366%	0.10889470%	0.10865628%	0.109403642%	0.114975580%
School District's proportionate share of the net OPEB liability (asset)	$6,055,752	$4,417,950	($1,804,927)	($1,803,558)	($1,909,632)	($2,306,686)	($2,977,101)
School District's covered payroll	$13,174,171	$13,237,257	$12,532,043	$12,837,271	$13,293,436	$12,988,550	$14,519,100
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	46.0%	33.4%	-14.4%	-14.0%	-14.4%	-17.8%	-20.5%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%	174.7%	230.7%
School Employees Retirement System							
School District's proportion of the net OPEB liability	0.13317600%	0.13513480%	0.14284570%	0.14548210%	0.14423220%	0.14105230%	0.14736890%
School District's proportionate share of the net OPEB liability	$3,851,842	$3,626,663	$3,962,926	$3,658,569	$3,134,638	$2,669,530	$2,069,075
School District's covered payroll	$4,209,571	$4,228,114	$4,393,304	$4,551,941	$4,634,607	$4,622,157	$5,593,114
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.5%	85.8%	90.2%	80.4%	67.6%	57.8%	37.0%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%	24.1%	30.3%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See accompanying notes to the required supplementary information.

Chillicothe City School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
State Teachers Retirement System										
Contractually required contribution - pension	$1,388,809	$1,539,408	$1,844,384	$1,853,216	$1,754,486	$1,797,218	$1,861,081	$1,818,397	$2,032,674	$2,094,067
Contractually required contribution - OPEB	106,831	0	0	0	0	0	0	0	0	0
Contractually required contribution - total	1,495,640	1,539,408	1,844,384	1,853,216	1,754,486	1,797,218	1,861,081	1,818,397	2,032,674	2,094,067
Contributions in relation to the contractually required contribution	1,495,640	1,539,408	1,844,384	1,853,216	1,754,486	1,797,218	1,861,081	1,818,397	2,032,674	2,094,067
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered payroll	$10,683,146	$10,995,771	$13,174,171	$13,237,257	$12,532,043	$12,837,271	$13,293,436	$12,988,550	$14,519,100	$14,957,621
Contributions as a percentage of covered payroll - pension	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
School Employees Retirement System										
Contractually required contribution - pension	$577,629	$488,240	$589,340	$591,936	$593,096	$614,512	$648,845	$647,102	$783,036	$763,344
Contractually required contribution - OPEB (1)	5,835	30,376	0	0	21,967	22,760	0	0	0	0
Contractually required contribution - total	583,464	518,616	589,340	591,936	615,063	637,272	648,845	647,102	783,036	763,344
Contributions in relation to the contractually required contribution	583,464	518,616	589,340	591,936	615,063	637,272	648,845	647,102	783,036	763,344
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
School District's covered payroll	$4,167,597	$3,704,401	$4,209,571	$4,228,114	$4,393,304	$4,551,941	$4,634,607	$4,622,157	$5,593,114	$5,452,457
Contributions as a percentage of covered payroll - pension	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered payroll - OPEB	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.
See accompanying notes to the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2023.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.5 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.5 percent to 3.0 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Investment rate of return and discount rate of return assumptions were lowered from 7.45 percent to 7.0 percent.

For fiscal year 2023, the following was the most significant change of assumptions that affected the total pension liability since the prior measurement date:

- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.
- Demographic assumptions were changed based on the actuarial experience study for the period of July 1, 2015 through June 30, 2021.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.

- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extent the current Medicare Part B partial reimbursement for one year.

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

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

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

There were no changes to benefit terms for fiscal year 2023.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
    - Medical Medicare – 5 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – 6 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – -5.23 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – 8 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from -5.23 percent to 9.62 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 8 percent to 7.73 initial, 4 percent ultimate

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
    - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 9.62 percent to 11.87 percent initial, 4 percent ultimate
    - Prescription Drug Pre-Medicare – from 7.73 percent to 6.5 initial, 4 percent ultimate

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from 7.45 percent to 7.0 percent.
- The health care trend assumption rate changed as follows:
    - Medical Medicare – from -6.69 percent initial, 4 percent ultimate to -16.18 percent initial, 4 percent ultimate
    - Prescription Drug Medicare – from 11.87 percent initial, 4 percent ultimate to 29.98 percent initial, 4 percent ultimate

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
    - Medical Pre-Medicare – from 5.00 percent initial, 4 percent ultimate to 7.50 percent initial, 3.94 percent ultimate
    - Medical Medicare – from -16.18 percent initial, 4 percent ultimate to -68.78 percent initial, 3.94 percent ultimate
    - Prescription Drug Pre-Medicare – from 6.50 percent initial, 4 percent ultimate to 9.00 percent initial, 3.94 percent ultimate
    - Prescription Drug Medicare – from 29.98 percent initial, 4 percent ultimate to -5.47 percent initial, 3.94 percent ultimate
- Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.
- Salary increase rates were updated based on the actuarial experience study for the period of July 1, 2015 through June 30, 2021 and were changed from age based to service based.

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

For fiscal year 2022, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.5 percent to 2.0 percent.

For fiscal year 2023, the following was the most significant change in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from 2.0 percent to 2.5 percent.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll Growth Assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Investment rate of return was reduced from 7.75 percent to 7.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled member was updated to the following:
  - RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

There were no changes in assumptions for fiscal years 2019 through 2021.

For fiscal year 2022, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

- Assumed rate of inflation was reduced from 3.0 percent to 2.4 percent
- Payroll Growth Assumption was reduced from 3.5 percent to 3.25 percent
- Investment rate of return was reduced from 7.5 percent to 7.0 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among members was updated to the following:
  - 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 was updated to the following:
  - 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.

There were no changes in assumptions for fiscal year 2023.

OPEB

<u>Changes in benefit terms</u>

There were no changes to benefit terms for fiscal years 2017 through 2023.

<u>Changes in assumptions</u>

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.0 percent
- Payroll growth assumption was reduced from 4.0 percent to 3.5 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.5 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.
- Mortality among disabled members was updated to the following:
  - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates,set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63 percent.
- The municipal bond index rate increased from 2.92 percent to 3.56 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98 percent to 3.63 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
  - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

For fiscal year 2022, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The inflation rate decreased from 3.0 percent to 2.4 percent.
- Projected salary increases decreased from 3.5 percent to 3.25 percent.
- Investment rate of return decreased from 7.5 percent to 7.0 percent.
- The municipal bond index rate decreased from 2.45 percent to 1.92 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 2.63 percent to 2.27 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2020 – 5.25 to 4.75 percent, 2022 – 5.125 to 4.4 percent
  - Pre-Medicare – 2020 – 7 to 4.75 percent, 2022 – 6.75 to 4.4 percent
- Mortality among members was updated to the following:
  - 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 was updated to the following:
  - 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.

For fiscal year 2023, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate increased from 1.92 percent to 3.69 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.27 percent to 4.08 percent.

Chillicothe City School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Provided to Subrecipients	Federal Awards Expenditures
United States Department of Agriculture				
Passed through the Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	N/A	10.553	$0	$518,950
COVID-19 National School Lunch Program	N/A	10.555	0	70,637
National School Lunch Program	N/A	10.555	0	1,252,409
National School Lunch Program-Non-Cash Assistance	N/A	10.555	0	106,814
Total Child Nutrition Cluster			0	1,948,810
COVID-19 Pandemic EBT Administrative Costs	N/A	10.649	0	3,135
Total United States Department of Agriculture			**0**	**1,951,945**
United States Department of Treasury				
Passed through the Ohio Facilities Construction Commission				
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	SCV3	21.027	0	69,298
Total United States Department of Treasury			**0**	**69,298**
United States Department of Education				
Passed through the Ohio Department of Education				
Special Education Cluster (IDEA):				
Special Education-Grants to States	N/A	84.027A	0	803,195
COVID-19 Special Education-Grants to States	N/A	84.027X	0	54,559
Special Education-Preschool Grants	N/A	84.173A	0	2,907
COVID-19 Special Education-Preschool Grants	N/A	84.173X	0	3,850
Total Special Education Cluster (IDEA)			0	864,511
Title I Grants to Local Educational Agencies	N/A	84.010A	0	1,468,328
Title I Grants to Local Educational Agencies-School Improvement	N/A	84.010A	0	130,781
Total Title I Grants to Local Educational Agencies			0	1,599,109
Rural Education	N/A	84.358B	0	89,203
English Language Acquisition Grants to States	N/A	84.365A	4,814	4,814
COVID-19 Education Stabilization Fund-ESSER II	N/A	84.425D	0	2,283,109
COVID-19 Education Stabilization Fund-ESSER ARP	N/A	84.425U	0	2,586,643
COVID-19 Education Stabilization Fund-ARP Homeless Round II	N/A	84.425W	0	98,887
Total COVID-19 Education Stabilization Fund			0	4,968,639
Supporting Effective Instruction State Grants	N/A	84.367A	0	148,641
Student Support and Academic Enrichment Program	N/A	84.424A	0	117,124
Total United States Department of Education			**4,814**	**7,792,041**
Total Federal Financial Assistance			**$4,814**	**$9,813,284**

N/A - pass through entity number not available.

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) is a summary of the activity of the School District's federal award programs. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note 3 – Indirect Cost Rate

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

Note 4 – Child Nutrition Cluster

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

Note 5 – Food Donation Program

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

Note 6 – Subrecipients

The School District passes certain federal awards received from the Ohio Department of Education to another government (subrecipient). As note 2 describes, the School District reports expenditures of federal awards to subrecipients when pain in cash.

As a pass-through entity, the School District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by law, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

Note 7 – Transfers Between Program Years

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amount
Supporting Effective Instruction State Grants	84.367A	$13,786
Special Education-Preschool Grants	84.173A	1,121
Education Stabilization Fund-ARP ESSER	84.425U	4,477,990
Education Stabilization Fund-ARP Homeless Round II	84.425W	89,485

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

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

Independent Auditor's Report

Members of the Board
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chillicothe City School District, Ross County, Ohio (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated March 28, 2024, wherein we noted the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 28, 2024

Millhuff-Stang
CERTIFIED PUBLIC ACCOUNTANT

Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

Members of the Board
Chillicothe City School District
425 Yoctangee Parkway
Chillicothe, Ohio 45601

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chillicothe City School District, Ross County, Ohio (the School District) with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Millhuff-Stang, CPA, Inc.
Wheelersburg, Ohio

March 28, 2024

Section I – Summary of Auditor's Results

Financial Statements	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major program(s):	COVID-19 Education Stabilization Fund, AL #84.425D, #84.425U, #84.425W; Child Nutrition Cluster, AL #10.555, #10.553; Special Education Cluster, AL #84.027, #84.027X, #84.173, #84.173X
Dollar threshold used to distinguish between type A and type B programs:	Type A: >$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

CHILLICOTHE
CITY SCHOOL DISTRICT

425 YOCTANGEE PARKWAY
CHILLICOTHE, OHIO 45601
(740) 775-4250

Chillicothe City School District
Schedule of Prior Audit Findings
2 CFR Section 200.0511(b)
For the Fiscal Year Ended 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	Noncompliance – Ohio Revised Code Section 9.833(C)(2) – Self-Insurance Reporting	Yes	Fully Corrected
2022-002	Noncompliance/Material Weakness – 2 CFR Section 3474 – Wage Rate Requirements	Yes	Fully Corrected

OHIO AUDITOR OF STATE
KEITH FABER

CHILLICOTHE CITY SCHOOL DISTRICT

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 4/25/2024

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