



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

UNION-SCIOTO LOCAL SCHOOL DISTRICT
ROSS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Union Scioto Local School District
1565 Egypt Pike
Chillicothe, OH 45601

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 01, 2024

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Union-Scioto Local School District
Ross County
For the Year Ended June 30, 2023
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Ross County
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INDEPENDENT AUDITOR'S REPORT

Union-Scioto Local School District
Ross County
1565 Egypt Pike
Chillicothe, Ohio 45601

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2024, on our consideration of the district's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the district's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the district's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
February 19, 2024

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, Net Position decreased \$201,288 from the prior fiscal year.
- General revenues accounted for \$20,457,792. Program specific revenues in the form of Charges for Services and Sales and Operating Grants and Contributions accounted for \$8,393,113 of total revenues of \$28,850,905.
- The School District had \$29,052,193 in expenses related to governmental activities; only \$8,393,113 of these expenses were offset by program specific charges for services, sales, grants, and contributions. General revenues (primarily taxes and grants and entitlements) were not sufficient to provide for these programs.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Union Scioto Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column.

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Reporting the School District as a Whole

One of the most important questions asked about the School District is “How did we do financially during fiscal year 2023?” The Statement of Net Position and the Statement of Activities, which appear first in the School District’s financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District only reports governmental activities. Governmental activities are the activities where all of the School District’s programs and services are reported including, but not limited to, instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major fund begins on page 10. Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s only major governmental fund is the General Fund.

Governmental Funds

Most of the School District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Proprietary Fund

Proprietary funds use the same basis of accounting as business-type activities. The Internal Service Fund is used to report the vision and dental benefits provided to the School District's employees.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1
Net Position

	Governmental Activities		
	2023	(Restated) 2022	Increase (Decrease)
<u>Assets:</u>			
Current and			
Other Assets	\$17,878,856	\$16,139,864	\$1,738,992
Net OPEB Asset	2,038,107	1,615,490	422,617
Capital Assets, Net	23,017,431	22,145,185	872,246
<i>Total Assets</i>	42,934,394	39,900,539	3,033,855
<u>Deferred Outflows of Resources:</u>			
Deferred Charge on Refunding	0	8,732	(8,732)
Pension	5,575,816	5,340,553	235,263
OPEB	530,475	651,109	(120,634)
<i>Total Deferred Outflows of Resources</i>	6,106,291	6,000,394	105,897
<u>Liabilities:</u>			
Other Liabilities	2,539,190	3,126,769	(587,579)
Long-Term Liabilities:			
Due within One Year	593,950	712,858	(118,908)
Due in More Than One Year:			
Net Pension Liability	22,034,914	13,054,154	8,980,760
Net OPEB Liability	1,205,233	1,719,956	(514,723)
Other Amounts	5,728,795	2,985,714	2,743,081
<i>Total Liabilities</i>	\$32,102,082	\$21,599,451	\$10,502,631

(continued)

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Table 1
Net Position
(continued)

	Governmental Activities		Increase (Decrease)
	2023	(Restated) 2022	
<u>Deferred Inflows of Resources:</u>			
Property Taxes	\$5,110,052	\$4,289,486	\$820,566
Pension	1,995,593	10,274,853	(8,279,260)
OPEB	3,205,877	2,908,774	297,103
<i>Total Deferred Inflows of Resources</i>	<u>10,311,522</u>	<u>17,473,113</u>	<u>(7,161,591)</u>
<u>Net Position:</u>			
Net Investment in			
Capital Assets	20,529,348	20,501,144	28,204
Restricted	2,011,396	1,798,426	212,970
Unrestricted (Deficit)	<u>(15,913,663)</u>	<u>(15,471,201)</u>	<u>(442,462)</u>
<i>Total Net Position</i>	<u>\$6,627,081</u>	<u>\$6,828,369</u>	<u>(\$201,288)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Total Assets increased \$3,033,855 mainly due to an increase in current and other assets. Current and other assets increased primarily due to an increase in taxable property values from the sexennial reappraisal causing an increase in property taxes receivable. Cash and cash equivalents increased as well due the School District not spending all the financed purchase proceeds during the fiscal year. Capital Assets, Net, increased \$872,246 primarily due to current year additions exceeded depreciation.

Total liabilities of the School District increased \$10,502,631 from the prior fiscal year. The increase is largely due the net pension liabilities for both SERS and STRS, thus causing the net pension liability to increase for the School District as well.

Deferred Inflows of Resources had a decrease of \$7,161,591 from the prior fiscal year mainly due to the change in the net difference between projected and annual earnings on pension plan investments compared to the prior fiscal year.

Total Net Position decreased \$201,288. The decrease of \$442,462 in Unrestricted Net Position was mainly due to increase in expenses related to employee raises during the fiscal year and an increase in health insurance costs for the School District.

Table 2 shows the changes in Net Position for fiscal years 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities		Increase (Decrease)
	2023	(Restated) 2022	
<u>Revenues:</u>			
Program Revenues:			
Charges for Services and Sales	\$1,163,654	\$851,545	\$312,109
Operating Grants and Contributions	7,229,459	7,802,082	(572,623)
Total Program Revenues	8,393,113	8,653,627	(260,514)
General Revenues:			
Income Taxes	1,942,639	1,853,626	89,013
Property Taxes	6,217,890	5,346,148	871,742
Grants and Entitlements not Restricted to Specific Programs	11,730,855	12,130,729	(399,874)
Unrestricted Contributions and Donations	0	41,439	(41,439)
Investment Earnings/Interest	10,420	(486,101)	496,521
Miscellaneous	555,988	211,150	344,838
Total General Revenues	20,457,792	19,096,991	1,360,801
Total Revenues	\$28,850,905	\$27,750,618	\$1,100,287

(continued)

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Table 2
Changes in Net Position
(Continued)

	Governmental Activities		Increase (Decrease)
	2023	(Restated) 2022	
<u>Program Expenses:</u>			
Instruction			
Regular	\$14,242,817	\$12,659,514	\$1,583,303
Special	3,866,796	3,584,844	281,952
Vocational	115,193	38,815	76,378
Support Services			
Pupils	1,847,145	1,633,821	213,324
Instructional Staff	981,905	871,628	110,277
Board of Education	522,891	531,986	(9,095)
Administration	1,483,923	1,066,345	417,578
Fiscal	1,096,831	778,463	318,368
Business	104,466	1,341	103,125
Operation and Maintenance of Plant	2,345,831	1,615,280	730,551
Pupil Transportation	1,129,939	1,093,412	36,527
Operation of Non-Instructional Services	1,066,400	1,026,084	40,316
Extracurricular Activities	215,397	329,554	(114,157)
Interest	32,659	45,496	(12,837)
<i>Total Expenses</i>	<u>29,052,193</u>	<u>25,276,583</u>	<u>3,775,610</u>
<i>Change in Net Position</i>	(201,288)	2,474,035	(2,675,323)
<i>Restatement</i>	0	3,404,079	(3,404,079)
<i>Net Position at Beginning of Year</i>	<u>6,828,369</u>	<u>950,255</u>	<u>5,878,114</u>
<i>Net Position at End of Year</i>	<u><u>\$6,627,081</u></u>	<u><u>\$6,828,369</u></u>	<u><u>(\$201,288)</u></u>

Governmental Activities

Program revenues, which are primarily represented by charges for tuition, fees, sales, and extracurricular activities, as well as restricted intergovernmental revenues were \$8,393,113 for fiscal year 2023. The decrease in operating grants and contributions was mainly due to the federal program providing 100 percent reimbursement for breakfast and lunch during COVID was discontinued in fiscal year 2023.

As previously mentioned, general revenues were \$20,457,792 for fiscal year 2023. The majority of these revenues are in the form of grants and entitlements not restricted to specific programs, and property and income taxes. The increase in general revenues is mainly due to receiving additional property tax revenue because of an increase in taxable property values from the sexennial reappraisal. The rise in general revenues is also due to an increase in interest revenue. Interest revenue increased \$496,521 due to an increase in interest rates in during the fiscal year.

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Support Services consists of several function categories as follows:

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal, and business includes expenses associated with administrative and financial supervision of the School District.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by State law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment, and skill improvement.

Interest involves the transactions associated with the payment of interest and other related charges to debt of the School District.

As should be expected, instruction costs represent the largest of the School District's expenses for fiscal year 2023. Total expenses showed an increase of \$3,775,610 from the prior fiscal year. The increase is mainly the result of the School District giving employee raises during the fiscal year. Expenses also increased due to pension and OPEB plans.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. That is, it identifies the cost of these services supported by tax revenues and unrestricted grants and entitlements. The dependence upon tax revenues and intergovernmental foundation monies is apparent. The community and the State of Ohio, as a whole, provide the vast majority of resources for Union Scioto Local School District students.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$28,818,816 and expenditures of \$29,912,303.

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

The General Fund balance increased \$82,497 due to an increase in property tax revenue received in the fiscal year. Property tax revenue increased mainly due to the sexennial reappraisal. Expenditures increased mainly due to raises that were given in the fiscal year and an increase in health insurance costs for the School District.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

A review of the budgetary comparison statement for the General Fund reflects a \$95,778 increase in revenues from the original budget to the final budget. This was due to an increase in Property Tax revenue that was not originally anticipated. There was an increase in revenues from the final budget to actual revenues received of \$264,042, which was mainly due to an increase in Miscellaneous and Tuition and Fees. Miscellaneous revenue increased mainly due the School District receiving additional indirect cost recovery payments from the ESSER fund compared to what was budgeted. Tuition and Fees increased mainly due to receiving additional revenue in the latchkey program compared to the final budget.

There was an increase from the original to the final budget in the amount of \$94,656. This was due to the School District approving several maintenance projects throughout the year that were not originally budgeted. The total difference in actual expenditures made from the final budget is \$237,677. The largest decrease occurred in Operation and Maintenance of Plant. The \$844,116 decrease from final budget to actual is the result conservative spending on maintenance projects.

Actual General Fund revenues and other financing sources were less than expenditures and other financing uses by \$1,132,446.

The School District's ending unobligated cash balance was \$776,839 above the final budgeted amount.

Capital Assets

At the end of fiscal year 2023, the School District had \$23,017,431 invested in capital assets (net of accumulated depreciation). For further information regarding the School District's capital assets, refer to Note 10 in the Notes to the Basic Financial Statements.

Union Scioto Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023

Debt Administration

At June 30, 2023, the School District had \$6,322,745 in long-term obligations, which includes leases with an outstanding balance of \$171,477, 2 financed purchase agreements with an outstanding balance of \$3,419,000 and compensated absences of \$2,732,268.

The School District's overall legal debt margin was \$28,217,818 with an unvoted debt margin of \$313,531 at June 30, 2023.

For further information regarding the School District's debt obligations, refer to Note 15 in the Notes to the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact John Rose, Treasurer, at Union Scioto Local School District, 1565 Egypt Pike, Chillicothe, Ohio 45601 or e-mail at jrose@gotanks.org.

Union Scioto Local School District
Statement of Net Position
June 30, 2023

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$10,792,385
Cash and Cash Equivalents with Fiscal Agent	391,310
Materials and Supplies Inventory	4,371
Inventory Held for Resale	6,527
Accrued Interest Receivable	31,281
Accounts Receivable	31,136
Intergovernmental Receivable	156,368
Income Taxes Receivable	760,389
Property Taxes Receivable	5,705,089
Net OPEB Asset	2,038,107
Capital Assets:	
Land	444,360
Construction in Progress	1,089,315
Depreciable Capital Assets, Net	21,483,756
<i>Total Assets</i>	42,934,394
<u>Deferred Outflows of Resources</u>	
Pension	5,575,816
OPEB	530,475
<i>Total Deferred Outflows of Resources</i>	6,106,291
<u>Liabilities:</u>	
Accounts Payable	66,838
Contracts Payable	251,715
Accrued Wages and Benefits Payable	1,727,422
Intergovernmental Payable	483,620
Accrued Interest Payable	750
Personal Leave Balance Payable	6,774
Unearned Revenue	2,071
Long-Term Liabilities:	
Due Within One Year	593,950
Due in More Than One Year:	
Net Pension Liability	22,034,914
Net OPEB Liability	1,205,233
Other Amounts Due in More Than Year	5,728,795
<i>Total Liabilities</i>	32,102,082
<u>Deferred Inflows of Resources</u>	
Property Taxes	5,110,052
Pension	1,995,593
OPEB	3,205,877
<i>Total Deferred Inflows of Resources</i>	10,311,522
<u>Net Position:</u>	
Net Investment in Capital Assets	20,529,348
Restricted for:	
Food Service Operations	971,307
Student Activities	82,679
Scholarships	4,927
Local, State, and Federal Grants	313,732
Classroom Facilities	205,192
Unclaimed Monies	5,922
OPEB Plans	427,637
Unrestricted (Deficit)	(15,913,663)
<i>Total Net Position</i>	\$6,627,081

See accompanying notes to the basic financial statements

Union Scioto Local 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 and Contributions
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$14,242,817	\$394,880	\$1,087,094
Special	3,866,796	185,813	2,041,651
Vocational	115,193	0	175,815
Support Services:			
Pupils	1,847,145	0	1,379,364
Instructional Staff	981,905	0	92,678
Board of Education	522,891	0	5,400
Administration	1,483,923	37,098	1,522
Fiscal	1,096,831	0	334,059
Business	104,466	0	0
Operation and Maintenance of Plant	2,345,831	0	134,639
Pupil Transportation	1,129,939	0	1,045,834
Operation of Non-Instructional Services	1,066,400	345,354	920,718
Extracurricular Activities	215,397	200,509	10,685
Interest	32,659	0	0
Total Governmental Activities	\$29,052,193	\$1,163,654	\$7,229,459
<u>General Revenues:</u>			
			1,942,639
Income Taxes			
Property Taxes Levied for:			
General Purposes			5,883,425
Debt Service			80,073
Capital Outlay			223,393
Other Purposes			30,999
Grants and Entitlements not Restricted to Specific Programs			11,730,855
Investment Earnings/Interest			10,420
Miscellaneous			555,988
Total General Revenues			20,457,792
Change in Net Position			(201,288)
Net Position at Beginning of Year - Restated (See Note 3)			6,828,369
Net Position at End of Year			\$6,627,081

See accompanying notes to the basic financial statements

Union Scioto Local School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Nonmajor Governmental Funds	Total Governmental Funds
	<hr/>	<hr/>	<hr/>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$7,733,406	\$3,015,784	\$10,749,190
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	5,922	0	5,922
Receivables:			
Property Taxes	5,397,206	307,883	5,705,089
Income Taxes	760,389	0	760,389
Intergovernmental	17,208	139,160	156,368
Accounts	31,136	0	31,136
Interfund	86,879	0	86,879
Accrued Interest	31,281	0	31,281
Materials and Supplies Inventory	0	4,371	4,371
Inventory Held for Resale	0	6,527	6,527
	<hr/>	<hr/>	<hr/>
<i>Total Assets</i>	<u>\$14,063,427</u>	<u>\$3,473,725</u>	<u>\$17,537,152</u>
<u>Liabilities:</u>			
Accounts Payable	\$64,374	\$2,464	\$66,838
Accrued Wages and Benefits Payable	1,511,193	216,229	1,727,422
Contracts Payable	0	251,715	251,715
Intergovernmental Payable	462,054	21,566	483,620
Interfund Payable	0	86,879	86,879
Personal Leave Balances Payable	6,774	0	6,774
Unearned Revenue	0	2,071	2,071
	<hr/>	<hr/>	<hr/>
<i>Total Liabilities</i>	<u>2,044,395</u>	<u>580,924</u>	<u>2,625,319</u>
<u>Deferred Inflows of Resource:</u>			
Property Taxes	4,836,115	273,937	5,110,052
Unavailable Revenue	252,666	52,095	304,761
	<hr/>	<hr/>	<hr/>
<i>Total Deferred Inflows of Resources</i>	<u>5,088,781</u>	<u>326,032</u>	<u>5,414,813</u>
<u>Fund Balances:</u>			
Nonspendable	5,922	4,371	10,293
Restricted	0	1,573,466	1,573,466
Committed	177,375	1,068,905	1,246,280
Assigned	1,951,158	4,518	1,955,676
Unassigned (Deficit)	4,795,796	(84,491)	4,711,305
	<hr/>	<hr/>	<hr/>
<i>Total Fund Balances</i>	<u>6,930,251</u>	<u>2,566,769</u>	<u>9,497,020</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$14,063,427</u>	<u>\$3,473,725</u>	<u>\$17,537,152</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances		\$9,497,020
 <i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		23,017,431
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.		
Delinquent property taxes	103,998	
Income taxes	143,831	
Intergovernmental	46,162	
Accrued interest	10,770	
Total		304,761
The 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.		428,583
The net pension/OPEB liability (asset) is not due and payable in the current period; therefore the liability (asset) and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	2,038,107	
Deferred Outflows - Pension	5,575,816	
Deferred Outflows - OPEB	530,475	
Net Pension Liability	(22,034,914)	
Net OPEB Liability	(1,205,233)	
Deferred Inflows - Pension	(1,995,593)	
Deferred Inflows - OPEB	(3,205,877)	
Total		(20,297,219)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Leases	(171,477)	
Accrued interest on financed purchase	(750)	
Financed Purchase payable	(3,419,000)	
Compensated absences	(2,732,268)	
Total liabilities		(6,323,495)
Net Position of Governmental Activities		\$6,627,081

See accompanying notes to the basic financial statements

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>			
Property Taxes	\$5,858,610	\$332,956	\$6,191,566
Income Taxes	1,919,425	0	1,919,425
Intergovernmental	13,707,378	5,255,200	18,962,578
Investment Earnings/Interest	13,604	0	13,604
Tuition and Fees	579,589	0	579,589
Extracurricular Activities	37,098	200,509	237,607
Contributions and Donations	2,037	44,689	46,726
Customer Sales and Services	1,104	345,354	346,458
Miscellaneous	481,953	39,310	521,263
<i>Total Revenues</i>	<u>22,600,798</u>	<u>6,218,018</u>	<u>28,818,816</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	11,596,789	1,333,802	12,930,591
Special	2,841,369	917,903	3,759,272
Vocational	131,328	0	131,328
Support Services:			
Pupils	739,481	1,061,086	1,800,567
Instructional Staff	853,165	91,954	945,119
Board of Education	516,116	5,400	521,516
Administration	1,424,919	0	1,424,919
Fiscal	734,326	388,431	1,122,757
Business	64,022	0	64,022
Operation and Maintenance of Plant	1,924,017	697,339	2,621,356
Pupil Transportation	1,145,375	363,633	1,509,008
Operation of Non-Instructional Services	0	1,029,113	1,029,113
Extracurricular Activities	146,422	54,650	201,072
Capital Outlay	185,193	1,089,315	1,274,508
Debt Service:			
Principal Retirement	219,621	319,095	538,716
Interest	31,351	7,088	38,439
<i>Total Expenditures</i>	<u>22,553,494</u>	<u>7,358,809</u>	<u>29,912,303</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>47,304</u>	<u>(1,140,791)</u>	<u>(1,093,487)</u>
<u>Other Financing Sources (Uses):</u>			
Inception of Lease	185,193	0	185,193
Proceeds from Financed Purchase	0	2,549,000	2,549,000
Transfers In	0	4,254	4,254
Transfers Out	(150,000)	(4,254)	(154,254)
<i>Total Other Financing Sources (Uses)</i>	<u>35,193</u>	<u>2,549,000</u>	<u>2,584,193</u>
<i>Net Change in Fund Balances</i>	82,497	1,408,209	1,490,706
<i>Fund Balances at Beginning of Year</i>	<u>6,847,754</u>	<u>1,158,560</u>	<u>8,006,314</u>
<i>Fund Balances at End of Year</i>	<u>\$6,930,251</u>	<u>\$2,566,769</u>	<u>\$9,497,020</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds \$1,490,706

**Amounts reported for governmental activities in the
 Statement of Activities are different because:**

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital assets additions	1,141,226	
Construction in progress additions	1,191,182	
Depreciation/Amortization expense	<u>(1,443,189)</u>	
Excess of capital outlay over depreciation/amortization expense		889,219

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets are removed from the capital assets account in the Statement of Net Assets and offset against the proceeds from the sale of capital assets, resulting in a loss on the sale of capital assets in the Statement of Activities.

Loss on sale of capital assets	(16,973)
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Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" inflows and are deferred in the governmental funds.

Delinquent property taxes	26,324	
Income taxes	23,214	
Intergovernmental	(48,990)	
Investment earnings	<u>(3,184)</u>	
Total		(2,636)

The Internal Service Fund used by management to charge the cost of insurance to individual funds is reported in the entity-wide Statement of Activities. 15,578

The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Position, the debt is reported as a liability.

Inception of Lease	(185,193)	
Proceeds from Financed Purchase	<u>(2,549,000)</u>	
Total		(2,734,193)

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

Pension	1,969,086	
OPEB	<u>61,806</u>	
Total		2,030,892

Except for amounts reported as deferred inflows/outflows, changes in the net position/OPEB liability (asset) are reported as pension expense in the Statement of Activities.

Pension	(2,435,323)	
OPEB	<u>457,797</u>	
Total		(\$1,977,526)

(continued)

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

<p>Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, these amounts consist of:</p>		
Bond principal retirement	\$315,000	
Financed Purchase	210,000	
Leases	13,716	
Total long-term debt repayment		538,716
<p>Amortization of bond premiums, the deferred gain/loss on the refunding of debt, and accrued interest are not reported in the funds, but is allocated as an expense over the life of the debt in the Statement of Activities.</p>		
Amortization of deferred charges on refunding	(8,732)	
Decrease in accrued interest payable	2,357	
Amortization of bond premium	12,155	
Total		5,780
<p>Some items 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. These activities consist of:</p>		
Increase in compensated absences		(440,851)
Change in Net Position of Governmental Activities		(\$201,288)

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		Actual	Variance Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$5,632,774	\$6,074,626	\$5,738,210	(\$336,416)
Income Taxes	1,814,287	1,814,287	1,924,681	110,394
Intergovernmental	14,185,476	13,839,402	13,866,297	26,895
Interest	125,000	125,000	145,114	20,114
Tuition and Fees	420,000	420,000	585,162	165,162
Rent	10,000	10,000	0	(10,000)
Contributions and Donations	5,000	5,000	515	(4,485)
Customer Sales and Services	0	0	1,104	1,104
Miscellaneous	160,000	160,000	451,274	291,274
<i>Total Revenues</i>	<u>22,352,537</u>	<u>22,448,315</u>	<u>22,712,357</u>	<u>264,042</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	13,487,212	12,895,407	12,164,753	730,654
Special	3,642,437	3,219,693	2,877,780	341,913
Vocational	192,168	192,258	131,418	60,840
Support Services:				
Pupils	602,514	603,614	791,963	(188,349)
Instructional Staff	502,713	570,426	1,087,326	(516,900)
Board of Education	518,464	905,752	713,957	191,795
Administration	858,660	880,320	1,401,278	(520,958)
Fiscal	522,870	534,740	760,116	(225,376)
Business	33,583	67,166	88,224	(21,058)
Operation and Maintenance of Plant	2,307,830	2,855,214	2,011,098	844,116
Pupil Transportation	701,517	740,034	1,209,576	(469,542)
Extracurricular Activities	156,765	156,765	150,318	6,447
Debt Service:				
Principal Retirement	210,000	210,000	205,905	4,095
Interest	20,865	20,865	20,865	0
<i>Total Expenditures</i>	<u>23,757,598</u>	<u>23,852,254</u>	<u>23,614,577</u>	<u>237,677</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(1,405,061)</u>	<u>(1,403,939)</u>	<u>(902,220)</u>	<u>501,719</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Expenditures	0	0	128	128
Refund of Prior Year Receipts	0	(5,346)	(5,354)	(8)
Transfers Out	(350,000)	(350,000)	(150,000)	200,000
Advances Out	0	(150,000)	(75,000)	75,000
<i>Total Other Financing Sources (Uses)</i>	<u>(350,000)</u>	<u>(505,346)</u>	<u>(230,226)</u>	<u>275,120</u>
<i>Net Change in Fund Balance</i>	<u>(1,755,061)</u>	<u>(1,909,285)</u>	<u>(1,132,446)</u>	<u>776,839</u>
<i>Fund Balance at Beginning of Year</i>	7,619,605	7,619,605	7,619,605	0
<i>Prior Year Encumbrances Appropriated</i>	<u>1,408,762</u>	<u>1,408,762</u>	<u>1,408,762</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$7,273,306</u>	<u>\$7,119,082</u>	<u>\$7,895,921</u>	<u>\$776,839</u>

See accompanying notes to the basic financial statements

Union Scioto Local School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2023

	<u>Self-Insurance</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$37,273
Cash and Cash Equivalents with Fiscal Agent	<u>391,310</u>
<i>Total Assets</i>	<u>428,583</u>
<u>Net Position:</u>	
Unrestricted	<u><u>\$428,583</u></u>

See accompanying notes to the basic financial statements

Union Scioto Local School District
Statement of Revenues, Expenses
and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	Self-Insurance
<u>Operating Revenues:</u>	
Charges for Services	\$78,372
Other Operating Revenues	34,725
<i>Total Operating Revenues</i>	113,097
<u>Operating Expenses:</u>	
Purchased Services	176,558
Claims	70,961
<i>Total Operating Expenses</i>	247,519
<i>Loss Before Transfers</i>	(134,422)
Transfers In	150,000
<i>Change in Net Position</i>	15,578
<i>Net Position at Beginning of Year</i>	413,005
<i>Net Position at End of Year</i>	\$428,583

See accompanying notes to the basic financial statements

Union Scioto Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2023

	<u>Self-Insurance</u>
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>	
<u>Cash Flows from Operating Activities:</u>	
Receipts from Interfund Services Provided	\$78,372
Cash Received from Other Operating Sources	34,725
Cash Payments to Suppliers for Goods and Services	(176,558)
Cash Payments for Claims	<u>(70,961)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(134,422)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Transfers	<u>150,000</u>
<i>Increase in Cash and Cash Equivalents</i>	15,578
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>413,005</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$428,583</u></u>
<i>Reconciliation of Operating Loss to Net Cash</i>	
<u>Used for Operating Activities:</u>	
Operating Loss	<u><u>(\$134,422)</u></u>

See accompanying notes to the basic financial statements

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1935 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 80 square miles. It is located in Ross County, and includes all of Union and Scioto Townships. It is staffed by 94 classified employees, 132 certificated teaching personnel, and 15 administrative employees who provide services to 1,993 students and other community members. The School District currently operates two instructional buildings, one administrative building, one maintenance building, and a bus garage.

Reporting Entity

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

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

The School District participates in five organizations, three of which are defined as jointly governed organizations, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are:

- Metropolitan Educational Technology Association (META)
- Pickaway-Ross County Career and Technology Center
- Great Seal Education Network of Tomorrow
- Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

- Ross County School Employees Insurance Consortium.

These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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” revenues and expenses. The government-wide statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities. However, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support 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 fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

on major funds. 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 on the face of the proprietary fund statements.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories; governmental and proprietary.

Governmental Funds

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

The following is the School District's only major governmental fund:

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

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

Proprietary Fund

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

Internal Service Fund – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. The School District's internal service fund is used to account for the vision and dental benefits provided to employees. The School District's internal service fund also currently pays a portion of the medical premium costs due for health care coverage due to the School District no longer being self-insured to pay for this coverage.

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. 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 and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, 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 that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 fiscal year-end.

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7 and 8). 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 fiscal 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance, income taxes, interest, grants, rent, tuition and fees, and miscellaneous refunds.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB are explained in Note 12 and 13.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources included property taxes, pension and OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, and interest. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 14. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Note 12 and 13).

Expenses/Expenditures

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

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the 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 budgetary control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in 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 final budgeted amounts reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue received before the eligibility requirements are met.

Cash and Cash Equivalents

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

The School District participated in a claims servicing pool that paid employee health insurance claims on the School District's behalf. The remaining balance of the School District's funds held

Union Scioto Local School District
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by the claims administrator and the fiscal agent at June 30, 2023, is presented as “Cash and Cash Equivalents with Fiscal Agent”.

During fiscal year 2023, investments were limited to the State Treasury Asset Reserve of Ohio (STAROhio), Fifth Third Money Market Mutual Fund, Negotiable Certificates of Deposit, Municipal Securities, and federal agency securities. For investments in open-ended mutual funds, the fair value is determined by the fund’s current share price. Investments in United States Treasury Securities and negotiable certificates of deposit 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 their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue, including an increase in the fair market value of investments, credited to the General Fund during fiscal year 2023 amounted to \$13,604, which includes \$4,190 assigned from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash equivalents legally required to be set aside by the School District for unclaimed monies held to be reclaimed by its rightful owner. Amounts reported as net OPEB asset represent restricted assets held in trust by the OPEB plan for future benefits.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivable/Payable”. Interfund balances are eliminated in the Statement of Net Position.

Union Scioto Local School District
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Inventory

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expensed/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Capital Assets

All capital assets of the School District are general capital assets associated with governmental activities. General capital assets usually 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 (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market 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 capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	8 - 10 years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity.

Compensated Absences

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

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Sick leave benefits are accrued as a liability using the termination 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.

Each year, four personal leave days are provided to all employees. Employees must use those days within one year of the date they are received. If not used within one year, any personal leave hours remaining for each employee shall either be converted to sick leave or the Board shall pay each teacher \$100.00 per unused personal leave day, including half (1/2) days. Therefore, any personal leave balance outstanding as of fiscal year-end is recorded as "Personal Leave Balance Payable" on the governmental fund financial statements.

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

Accrued Liabilities and Long-Term Obligations

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

Pensions/Other Postemployment Benefits (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.

Bond Premiums

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. Bond premiums 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.

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On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued.

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.

Restricted

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

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District’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. Committed fund balance also incorporates termination benefits to the extent that existing resources in the fund have been specifically committed for use in satisfying those requirements. The fund balance also represents capital improvements.

Assigned

Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. The Assigned to Principal’s are monies collected from various vending machine sales, fees, and donations which are utilized by the Principal’s for various student programs. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The fund balance also represents purchases on order, public school purposes, and capital improvements. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2024 appropriated budget.

Union Scioto Local School District
Notes to the Basic Financial Statements
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Unassigned

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

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.

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net Position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted Net Position for Pension and OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are classified as non-operating.

Leases

The School District serves as a lessee in various noncancellable leases which are accounted for as follows:

Lessee - At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) No. 91, Conduit Debt Obligations, Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, GASB Statement No. 96, Subscription-Based Information Technology Arrangements, and GASB Statement No. 99, Omnibus 2022.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any long-term contracts that met the GASB 96 definition of a SBITA.

Union Scioto Local School District
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GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Restatement of Net Position

During fiscal year 2023, the School District had a had a reappraisal of all of the School District's capital assets. This change resulted in a restatement due to differences in the carrying amount or deletion of some assets. This restatement had the following effect on Net Position:

	<u>Governmental</u>
	<u>Activities</u>
Net Position, June 30, 2022	\$3,424,290
Adjustments:	
Depreciable Capital Assets, Net	<u>3,404,079</u>
Restated Net Position, June 30, 2022	<u><u>\$6,828,369</u></u>

NOTE 4 – ACCOUNTABILITY

At June 30, 2023, the Student Managed Activities, ESSER, IDEA-B, and Title I Special Revenue Funds had deficit fund balances of \$38,208, \$28,301, \$12,361, and \$5,621, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 – 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP 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. Advances In and Advances Out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).

Union Scioto Local School District
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4. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).
6. Certain funds are accounted for as a separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	\$82,497
Adjustments:	
Revenue Accruals	(169,408)
Expenditure Accruals	(381,731)
Advances	(75,000)
Encumbrances	(832,413)
Net Change in Fair	
Value of Investments - Fiscal Year 2022	(584,855)
Net Change in Fair	
Value of Investments - Fiscal Year 2023	719,377
Perspective Differences	109,087
Budget Basis	(\$1,132,446)

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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 that 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.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
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); and
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.

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

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

At June 30, 2023, the School District had “Cash and Cash Equivalents with Fiscal Agent” on the Statement of Net Position of \$391,310. This is money that was paid to a claims servicing pool that paid employee health insurance claims on the School District’s behalf. The money is held by Ross-Pike Educational Service District, which is the fiscal agent for several school districts. Since the monies are commingled, no disclosures regarding risk can be disclosed under GASB Statement No. 40. The classification for the Ross-Pike Educational Service District as a whole can be obtained by writing to Erin Kirby, who serves as Treasurer, at 475 Western Avenue, Suite E, Chillicothe, Ohio 45601.

Investments

As of June 30, 2023, the School District had the following investment:

Measurement / Investment	Measurement Amount	Maturity	S&P Rating	Percent of Total Investments
Net Asset Value per Share:				
STAROhio	\$2,047,731	Less than one year	AA+	N/A
Fair Value Level 1 Inputs:				
Fifth Third Money Market Mutual Fund	47,645	Less than one year	N/A	N/A
Fair Value Level 2 Inputs:				
Negotiable Certificates of Deposit	912,117	Less than three years	N/A	9.42%
Municipal Securities	2,730,730	Less than six years	AA+	28.19%
Federal National Mortgage Association Notes	457,270	Less than three years	AA+	N/A
Federal Farm Credit Bank Bonds	912,230	Less than three years	AA+	9.42%
Federal Home Loan Banks Bonds	1,133,538	Less than four years	AA+	11.70%
Federal Home Loan Mortgage Bonds	1,445,505	Less than two years	AA+	14.92%
Total Fair Value Level 2 Inputs	7,591,390			
Totals	\$9,686,766			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2023. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District’s remaining investments

Union Scioto Local School District
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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 of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. The School District will not directly invest in securities maturing more than five years from the date of investment.

Credit Risk

The S&P ratings of the School District's investments are listed in the table above. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy limits investments to those authorized by State statute or issued by United States Government sponsored enterprises.

Concentration of Credit Risk

The School District's investment policy provides that no more than 25 percent of the interim funds of the School District may be invested in commercial paper or banker's acceptances as authorized by Section 135.142 of the Ohio Revised Code. The percentage that each investment represents of the total investments is listed in the table above.

NOTE 7 – PROPERTY TAXES

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

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

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

The Ross County Treasurer collects property taxes on behalf of all governments in the 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 includes real property and public utility property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2023, was \$463,026 in the General Fund and \$28,013 in the Other Governmental Funds. The amount available as an advance at June 30, 2022, was \$342,626 in the General Fund and \$20,655 in the Other Governmental Funds.

On an 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 inflows of resources – unavailable revenue.

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

	2022 Second - Half Collections		2023 First - Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$226,842,550	86.19%	\$276,963,180	88.34%
Public Utility Tangible	36,354,200	13.81%	36,568,130	11.66%
Total Assessed Value	\$263,196,750	100.00%	\$313,531,310	100.00%

Tax rate per \$1,000 of assessed valuation	\$33.20	\$31.80
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NOTE 8 – INCOME TAX

The School District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2000, and continued for five years. On March 2, 2004, May 5, 2009, May 6, 2014, and on May 7, 2019, the voters of the School District approved the renewal of the income tax levy. For the latest renewal, collections began January, 2020, and will continue for five years. Employers of residents are required to withhold income tax

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For the Fiscal Year Ended June 30, 2023

on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 9 – RECEIVABLES

Receivables at June 30, 2023, consisted of property and income taxes, intergovernmental, accounts, interfund, and accrued interest. All receivables, except for property taxes, are considered fully collectible within one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amount
<u>Governmental Activities:</u>	
Title I Grant	\$5,621
Special Education, Part B-IDEA Grant	12,241
ESSER Grant	109,419
IDEA Early Childhood Special Education Grant	11,594
Title II-A Supporting Effective Instruction Grant	285
Medicaid Reimbursement	7,787
Charges/reimbursements from other governmental entities	9,421
Total Intergovernmental Receivables	\$156,368

NOTE 10 – CAPITAL ASSETS

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

	Restated Balance at 6/30/2022	Additions	Deletions	Balance at 6/30/2023
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land	\$444,360	\$0	\$0	\$444,360
Construction in Progress	343,133	1,191,182	(445,000)	1,089,315
Total Capital Assets Not Being Depreciated	787,493	1,191,182	(445,000)	1,533,675
Capital Assets Being Depreciated:				
Tangible Assets:				
Land Improvements	4,096,553	681,946	(55,150)	4,723,349
Buildings and Improvements	39,684,060	231,345	(41,526)	39,873,879
Furniture, Fixtures and Equipment	1,697,097	5,625	0	1,702,722
Vehicles	2,010,866	482,117	(72,024)	2,420,959
Total Tangible Assets:	\$47,488,576	\$1,401,033	(\$168,700)	\$48,720,909

(continued)

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For the Fiscal Year Ended June 30, 2023

	Restated Balance at 6/30/2022	Additions	Deletions	Balance at 6/30/2023
<u>Governmental Activities:</u>				
Intangible Right to Use:				
Lease Assets:				
Furniture, Fixtures and Equipment	\$178,245	\$185,193	(\$178,245)	\$185,193
Total Capital Assets Being Depreciated	47,666,821	1,586,226	(346,945)	48,906,102
Less Accumulated Depreciation/Amortization:				
Depreciation:				
Land Improvements	(2,321,729)	(169,267)	39,215	(2,451,781)
Buildings and Improvements	(21,534,802)	(986,895)	40,488	(22,481,209)
Furniture, Fixtures and Equipment	(1,042,164)	(96,274)	0	(1,138,438)
Vehicles	(1,232,189)	(153,714)	72,024	(1,313,879)
Total Depreciation	(26,130,884)	(1,406,150)	151,727	(27,385,307)
Amortization:				
Intangible Right to Use:				
Furniture, Fixtures and Equipment	(178,245)	(37,039)	178,245	(37,039)
Total Accumulated Depreciation/Amortization	(26,309,129)	(1,443,189) *	329,972	(27,422,346)
Total Capital Assets Being Depreciated, Net	21,357,692	143,037	(16,973)	21,483,756
Governmental Activities Capital Assets, Net	\$22,145,185	\$1,334,219	(\$461,973)	\$23,017,431

* Depreciation/Amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
Instruction:			
Regular	\$1,021,348	\$0	\$1,021,348
Vocational	427	0	427
Support Services:			
Instructional Staff	16,949	0	16,949
Board of Education	1,208	0	1,208
Administration	462	0	462
Business	729	37,039	37,768
Operation and Maintenance of Plant	289,756	0	289,756
Pupil Transportation	26,098	0	26,098
Operation of Non-Instructional Services	37,221	0	37,221
Extracurricular Activities	11,952	0	11,952
Total Depreciation/Amortization Expense	\$1,406,150	\$37,039	\$1,443,189

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For the Fiscal Year Ended June 30, 2023

NOTE 11 – RISK MANAGEMENT

Property and Liability

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 Wright Specialty for building and contents, fleet and liability insurance.

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

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management LLC. provides administrative, cost control, and actuarial services to the GRP.

Vision Benefits

Vision insurance is offered to employees through a self-insurance internal service fund and is administered by Core Source/Trustmark. Claims are processed through Trustmark and billed to the School District.

The information presented below represents an estimate of vision claims. Any claim liabilities are 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. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues,"* which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. The School District had no claims payable at June 30, 2023.

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

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Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2022	\$0	\$65,069	\$65,069	\$0
2023	0	70,961	70,961	0

Employee Medical and Surgical Benefits

Medical and surgical insurance is offered to employees through the Ross County School Employees Insurance Consortium, a public entity shared risk pool (Note 19). The School District is a member of the Consortium which is considered a public entity shared risk pool, consisting of six school districts and one educational service center within Ross County and its surrounding area, in which monthly premiums are paid to the consortium and coverage's are administered through a third party administrator, Medical Mutual.

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

The net pension/OPEB liability (asset) 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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All

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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 net OPEB asset or long-term net pension/OPEB liability 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 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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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 contribution to SERS was \$477,982 for fiscal year 2023. Of this amount, \$27,846 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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.

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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 fifty 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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The School District's contractually required contribution to STRS was \$1,491,104 for fiscal year 2023. Of this amount, \$283,609 is reported as an intergovernmental payable.

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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	0.08388590%	0.078711710%	
Prior Measurement Date	0.08828520%	0.076621006%	
Change in Proportionate Share	<u>-0.00439930%</u>	<u>0.002090704%</u>	
Proportionate Share of the Net			
Pension Liability	\$4,537,202	\$17,497,712	\$22,034,914
Pension Expense	\$235,148	\$2,200,175	\$2,435,323

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	\$183,761	\$223,993	\$407,754
Changes of assumptions	44,770	2,093,951	2,138,721
Net difference between projected and actual earnings on pension plan investments	0	608,882	608,882
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	44,162	407,211	451,373
School District contributions subsequent to the measurement date	477,982	1,491,104	1,969,086
Total Deferred Outflows of Resources	<u>\$750,675</u>	<u>\$4,825,141</u>	<u>\$5,575,816</u>

Deferred Inflows of Resources:			
Differences between expected and actual experience	\$29,786	\$66,935	\$96,721
Changes of assumptions	0	1,576,143	1,576,143
Net difference between projected and actual earnings on pension plan investments	158,328	0	158,328
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	164,401	0	164,401
Total Deferred Inflows of Resources	<u>\$352,515</u>	<u>\$1,643,078</u>	<u>\$1,995,593</u>

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\$1,969,086 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 fiscal 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	(\$20,529)	\$216,458	\$195,929
2025	(96,234)	85,365	(10,869)
2026	(226,174)	(385,416)	(611,590)
2027	263,115	1,774,552	2,037,667
Total	(\$79,822)	\$1,690,959	\$1,611,137

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:

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	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 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 for 2022 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

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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	\$6,678,545	\$4,537,202	\$2,733,150

Actuarial Assumptions - STRS

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

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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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.

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:

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

* 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 as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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

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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	\$26,432,673	\$17,497,712	\$9,941,502

NOTE 13 – DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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, prorated if less than a full year of service credit was earned. For fiscal year 2023, this amount was

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\$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 \$61,806.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$61,806 for fiscal year 2023, all of which is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System of Ohio (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.

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:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.08584220%	0.078711710%	
Prior Measurement Date	<u>0.09087870%</u>	<u>0.076621006%</u>	
Change in Proportionate Share	<u>-0.00503650%</u>	<u>0.002090704%</u>	
Proportionate Share of the:			
Net OPEB (Asset)	\$0	(\$2,038,107)	(\$2,038,107)
Net OPEB Liability	\$1,205,233	\$0	\$1,205,233
OPEB Expense	(\$77,855)	(\$379,942)	(\$457,797)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$10,131	\$29,545	\$39,676
Changes of assumptions	191,708	86,817	278,525
Net difference between projected and actual earnings on OPEB plan investments	6,264	35,479	41,743
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	104,863	3,862	108,725
School District contributions subsequent to the measurement date	<u>61,806</u>	<u>0</u>	<u>61,806</u>
Total Deferred Outflows of Resources	<u>\$374,772</u>	<u>\$155,703</u>	<u>\$530,475</u>

Deferred Inflows of Resources:			
Differences between expected and actual experience	\$770,956	\$306,084	\$1,077,040
Changes of assumptions	494,757	1,445,215	1,939,972
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>173,991</u>	<u>14,874</u>	<u>188,865</u>
Total Deferred Inflows of Resources	<u>\$1,439,704</u>	<u>\$1,766,173</u>	<u>\$3,205,877</u>

\$61,806 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 in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$237,923)	(\$480,121)	(\$718,044)
2025	(246,895)	(460,690)	(707,585)
2026	(219,115)	(217,725)	(436,840)
2027	(138,372)	(90,906)	(229,278)
2028	(101,429)	(119,317)	(220,746)
Thereafter	(183,004)	(241,711)	(424,715)
Total	(\$1,126,738)	(\$1,610,470)	(\$2,737,208)

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	June 30, 2022
Future Salary Increases, including inflation	2.40 percent
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation

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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 long-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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 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	\$1,496,918	\$1,205,233	\$969,765
	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	\$929,451	\$1,205,233	\$1,565,450

Actuarial Assumptions – STRS

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

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	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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB

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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	(\$1,884,177)	(\$2,038,107)	(\$2,169,963)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,114,014)	(\$2,038,107)	(\$1,942,296)

NOTE 14 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation, sick leave and personal leave benefits are derived from negotiated agreements and State laws. Eligible classified employees and administrators earn 10 to 35 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.

All certificated and classified employees who work 12 months and all administrators earn sick leave at the rate of one and one-half days per month, while all other employees earn one and one-fourth days per month. An unlimited amount of sick leave may be accumulated for all personnel. Upon retirement, payment for classified employees is made for accumulated, unused sick leave as follows:

1-100 days multiplied by 50%; 101-200 days multiplied by 60%; 201-368 days multiplied by 70% of the employees accumulated and unsued sick leave at the time of retirement to a maximum of 368 days (i.e. maximum of 258 days). Teachers are paid out at a maximum of 368 days (i.e. maximum of 184 days pay for all teachers up to \$222 per paid day. The Treasurer and Superintendent are paid their entire balance at their rate of pay.

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All employees earn four days of personal leave per fiscal year. Classified and certificated employees have the option of receiving payment of any unused personal days after fiscal year-end, or converting them to sick leave, to be used in subsequent years.

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Hartford. Dental insurance is provided to employees as a fully insured plan administered by Core Source/Trustmark.

Deferred Compensation

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

NOTE 15 – LONG-TERM OBLIGATIONS

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

	Amounts Outstanding 6/30/22	Additions	Deductions	Amounts Outstanding 6/30/23	Amounts Due in One Year
<u>Governmental Activities:</u>					
<u>General Obligation Bonds:</u>					
2006 School Improvement					
Refunding Bonds - 3.65% to 4.75%					
Serial Bonds	\$315,000	\$0	\$315,000	\$0	\$0
Premium on Refunding	12,155	0	12,155	0	0
Total General Obligations Bonds	<u>327,155</u>	<u>0</u>	<u>327,155</u>	<u>0</u>	<u>0</u>
<u>Net Pension Liability:</u>					
SERS	3,257,470	1,279,732	0	4,537,202	0
STRS	9,796,684	7,701,028	0	17,497,712	0
Total Net Pension Liability	<u>13,054,154</u>	<u>8,980,760</u>	<u>0</u>	<u>22,034,914</u>	<u>0</u>
<u>Net OPEB Liability:</u>					
SERS	<u>\$1,719,956</u>	<u>\$0</u>	<u>\$514,723</u>	<u>\$1,205,233</u>	<u>\$0</u>

(continued)

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	Amounts			Amounts	Amounts
	Outstanding 6/30/22	Additions	Deductions	Outstanding 6/30/23	Due in One Year
<u>Governmental Activities:</u>					
Leases	\$0	\$185,193	\$13,716	\$171,477	\$30,466
Financed Purchase	1,080,000	2,549,000	210,000	3,419,000	367,000
Compensated Absences	2,291,417	593,829	152,978	2,732,268	196,484
Total Governmental Activities					
Long-Term Obligations	<u>\$18,472,682</u>	<u>\$12,308,782</u>	<u>\$1,218,572</u>	<u>\$29,562,892</u>	<u>\$593,950</u>

2006 School Improvement Refunding Bonds – On May 11, 2006, the School District issued \$2,599,999 of general obligation bonds for the purpose of refunding a portion (the term bonds only) of the 2000 School Improvement Bonds. Of the Refunding Bonds, \$2,585,000 are serial bonds with interest rates ranging from 3.65 to 4.75 percent and \$14,999 is a capital appreciation bond with an interest rate of 4.3 percent. The bonds were issued for a 17 year period and matured in December, 2022.

There is no repayment schedule for the net pension/OPEB liability. However, employer pension/OPEB contributions are made from the General Fund. For additional information related to the net pension/OPEB liability see Note 12 and Note 13.

Lease

During the fiscal year, the School District entered into two agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. Leases will be paid from the General Fund. A summary of the principal and interest amounts for the remaining leases is as follows:

	Governmental	
	Leases	
	Principal	Interest
2024	\$30,466	\$19,012
2025	34,340	15,138
2026	38,708	10,770
2027	43,631	5,847
2028	24,332	942
Totals	<u>\$171,477</u>	<u>\$51,709</u>

Financed Purchase

During fiscal year 2017, the School District entered into a financed purchase agreement with Branch Banking and Trust Company to construct, equip and furnish a new athletic locker room building, the renovation of an existing building into a new wrestling and storage building, the renovation of an existing room within the high school into a new weight/fitness room and related

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parking lot improvements. The lease arrangement is for a period not to exceed 10 years. Annual payments associated with the lease-Purchase agreement will range between \$216,000 and \$229,815 per year. The project was completed and added as an asset during fiscal year 2018. Total lease payments made during the fiscal year 2023 were \$210,000 and were paid from the Permanent Improvement Fund.

During the fiscal year, the School District entered into a financed purchase agreement with JPMorgan Chase Bank to construct and improve various facilities including a track and improvements to gym floors, improvements to the high school including roofing, restroom plumbing improvements, and water softener equipment, improvements to the elementary school including certain restoration and renovations, roofing shingles, and water softener equipment, improvements to the middle school including middle school bleacher replacement, improvements to the football building and related concrete, improvements to facilities for truck transportation, and purchase a maintenance vehicle. The lease arrangement is for a period not to exceed 15 years. Annual principal payments associated with the lease-Purchase agreement will range between \$135,000 and \$212,000 per year. The project is still continuing and any assets will be added to the School District’s asset system upon completion of the project. The first lease payment will be made during fiscal year 2024 and will be paid from the Permanent Improvement Fund.

Fiscal Year Ending June 30,	Athletic Locker Room		Building Improvements and Equipment	
	Principal	Interest	Principal	Interest
2024	\$210,000	\$16,371	\$157,000	\$105,091
2025	215,000	14,524	135,000	82,753
2026	220,000	7,170	140,000	77,858
2027	225,000	2,408	145,000	72,785
2028	0	0	150,000	67,534
2029-2033	0	0	831,000	252,423
2034-2038	0	0	991,000	90,615
Totals	\$870,000	\$40,473	\$2,549,000	\$749,059

Compensated absences will be paid from the General Fund.

The School District’s overall legal debt margin was \$28,217,818 with an unvoted debt margin of \$313,531 at June 30, 2023.

As of June 30, 2023, \$1,297,474 of the financed purchase proceeds were unexpended.

NOTE 16 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2023, consist of the following individual interfund receivables and payable:

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	Payable
Receivable	Nonmajor Governmental Funds
General Fund	\$86,879

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing difference in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance. All advances are expected to be repaid within one year.

Transfers

Transfers made during the fiscal year ended June 30, 2023, were as follows:

	Transfers From		
Transfers To	General Fund	Nonmajor Governmental Funds	Total
Nonmajor Governmental Funds	\$0	\$4,254	\$4,254
Internal Service Fund	150,000	0	150,000
Total Transfers	\$150,000	\$4,254	\$154,254

For fiscal year 2023, the transfer from Nonmajor Governmental Funds to Nonmajor Governmental Funds was to close out the Bond Retirement Fund that is no longer needed. The transfer to the Internal Service Fund was to help fund the activity for the School District’s self-funded dental and vision insurance.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META)

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium and a regional council of governments. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META consists of a president, vice president and twelve board members who represent the members of META. The Board works with META’s Chief Executive Officer,

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META \$63,263 for services provided during the fiscal year. Financial information can be obtained from META Solutions, 100 Executive Drive, Marion Ohio 43302.

Pickaway-Ross County Career and Technology Center

The Pickaway-Ross County Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of 11 representatives from the various City and County boards within Pickaway and Ross Counties, each of which possesses its own budgeting and taxing authority. The Board exercises total control over the operations of the Technology Center including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The Technology Center provides vocational instruction to students in both Pickaway and Ross Counties. The School District made no payments to the Technology Center for services provided during the fiscal year. To obtain financial information write to the Pickaway-Ross County Career and Technology Center, Todd Stahr who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Great Seal Education Network of Tomorrow

The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of 12 city, local, and joint vocational school districts, two educational service centers, and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members. The Board exercises total control over the operations of Council including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601. The School District made no payments to the Council for services provided during the fiscal year.

NOTE 18 – INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Retrospective Rating Plan GRP) was established as a group insurance purchasing pool. The GRP's business and affairs are conducted by Comp Management, LLC.

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

NOTE 19 – PUBLIC ENTITY SHARED RISK POOL

Ross County School Employees Insurance Consortium

The School District is a member of the Ross County School Employees Insurance Consortium (the “Consortium”), a public entity shared risk pool consisting of six school districts and one educational service center within Ross County and its surrounding area. Medical/surgical insurance is administered through a third party administrator, Medical Mutual. The Consortium’s business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Suite E, Chillicothe, Ohio 45601.

NOTE 20 – SET-ASIDE CALCULATIONS

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

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

	<u>Capital Acquisitions</u>
Set-aside Balance as of June 30, 2022	\$0
Current Fiscal Year Set-aside Requirement	453,972
Current Fiscal Year Offsets	<u>(453,972)</u>
Set-aside Balance as of June 30, 2023	<u><u>\$0</u></u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

NOTE 21 – SIGNIFICANT COMMITMENTS

Contractual Commitments

The School District had the following outstanding contractual commitments at June 30, 2023:

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Contractor	Contract Amount	Amount Expended	Balance at 6/30/2023
Farnham Equipments Co	\$1,674	\$0	\$1,674
Geiger Brothers	79,852	0	79,852
A.G. Sport Services	899,829	837,600	62,229
Garland/DBS, Inc.	469,754	251,715	218,039
Total	\$1,451,109	\$1,089,315	\$361,794

Of the amount expended \$251,715 is reported as contracts payable as of June 30, 2023.

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	\$832,413
Internal Service Fund	29
Nonmajor Governmental Funds	<u>804,265</u>
Total	<u>\$1,636,707</u>

NOTE 22 – 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 fund balance for the major governmental funds and all other governmental funds are presented below:

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Fund Balances	General Fund	Nonmajor Governmental Funds	Total
<i>Nonspendable:</i>			
Inventory	\$0	\$4,371	\$4,371
Unclaimed Monies	5,922	0	5,922
<i>Total Nonspendable</i>	5,922	4,371	10,293
<i>Restricted for:</i>			
Food Service	0	966,936	966,936
Student Activities	0	82,679	82,679
Scholarships	0	4,927	4,927
Local, State and Federal Grants	0	313,732	313,732
Classroom Facilities	0	205,192	205,192
<i>Total Restricted</i>	0	1,573,466	1,573,466
<i>Committed to:</i>			
Future Severance Payments	177,375	0	177,375
Capital Improvements	0	1,068,905	1,068,905
<i>Total Committed</i>	177,375	1,068,905	1,246,280
<i>Assigned to:</i>			
Capital Improvements	0	4,518	4,518
Future Appropriations	1,095,559	0	1,095,559
Purchases on Order	790,723	0	790,723
Principal's Fund	64,876	0	64,876
<i>Total Assigned</i>	1,951,158	4,518	1,955,676
<i>Unassigned (Deficit):</i>	4,795,796	(84,491)	4,711,305
<i>Total Fund Balances</i>	\$6,930,251	\$2,566,769	\$9,497,020

NOTE 23 – 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to

Union Scioto Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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, all ODE adjustments for fiscal year 2023 were provided. As a result, the School District recognized a payable of \$48,070.

Litigation

The School District is not party to any legal proceedings.

NOTE 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 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.

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

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.08388590%	0.08828520%	0.08514040%	0.08430200%
School District's Proportionate Share of the Net Pension Liability	\$4,537,202	\$3,257,470	\$5,631,364	\$5,043,938
School District's Covered Payroll	\$3,133,614	\$3,047,379	\$2,984,836	\$2,659,689
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	144.79%	106.89%	188.67%	189.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	85.86%	68.55%	70.85%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.08755060%	0.08226510%	0.08625630%	0.08625250%	0.08195000%	0.08195000%
\$5,014,185	\$4,915,158	\$6,313,164	\$4,921,650	\$4,147,443	\$4,873,303
\$2,487,378	\$2,641,100	\$2,813,000	\$2,683,214	\$2,501,771	\$2,047,176
201.59%	186.10%	224.43%	183.42%	165.78%	238.05%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Union Scioto Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.08584220%	0.09087870%	0.08670100%
School District's Proportionate Share of the Net OPEB Liability	\$1,205,233	\$1,719,956	\$1,884,295
School District's Covered Payroll	\$3,133,614	\$3,047,379	\$2,984,836
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	38.46%	56.44%	63.13%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
0.08598150%	0.08859410%	0.08359810%	0.08748330%
\$2,162,255	\$2,457,841	\$2,243,553	\$2,493,598
\$2,659,689	\$2,487,378	\$2,641,100	\$2,813,000
81.30%	98.81%	84.95%	88.65%
15.57%	13.57%	12.46%	11.49%

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

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.078711710%	0.076621006%	0.076311290%	0.074975010%
School District's Proportionate Share of the Net Pension Liability	\$17,497,712	\$9,796,684	\$18,464,617	\$16,580,272
School District's Covered Payroll	\$10,356,879	\$9,617,950	\$9,352,893	\$8,937,429
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	168.95%	101.86%	197.42%	185.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.074111780%	0.074189360%	0.075800780%	0.077159060%	0.078502940%	0.078502940%
\$16,295,516	\$17,623,842	\$25,372,806	\$21,324,507	\$19,094,631	\$22,745,401
\$8,452,879	\$8,074,200	\$8,157,543	\$8,067,236	\$7,885,923	\$7,669,808
192.78%	218.27%	311.03%	264.33%	242.14%	296.56%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Union Scioto Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.078711710%	0.076621006%	0.076311290%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$2,038,107) \$0	(\$1,615,490) \$0	(\$1,341,171) \$0
School District's Covered Payroll	\$10,356,879	\$9,617,950	\$9,352,893
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	-19.68%	-16.80%	-14.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.074975010%	0.074111780%	0.074189360%	0.075800780%
(\$1,241,766)	(\$1,190,901)	0	0
\$0	\$0	\$2,894,595	\$4,053,845
\$8,937,429	\$8,452,879	\$8,074,200	\$8,157,543
-13.89%	-14.09%	35.85%	49.69%
174.70%	176.00%	47.10%	37.30%

Union Scioto Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$477,982	\$438,706	\$426,633	\$417,877
Contributions in Relation to the Contractually Required Contribution	<u>(477,982)</u>	<u>(438,706)</u>	<u>(426,633)</u>	<u>(417,877)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,414,157	\$3,133,614	\$3,047,379	\$2,984,836
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	61,806	56,408	57,666	47,899
Contributions in Relation to the Contractually Required Contribution	<u>(61,806)</u>	<u>(56,408)</u>	<u>(57,666)</u>	<u>(47,899)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.81%</u>	<u>1.80%</u>	<u>1.89%</u>	<u>1.60%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.81%</u>	<u>15.80%</u>	<u>15.89%</u>	<u>15.60%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$359,058	\$335,796	\$369,754	\$393,820	\$353,648	\$346,745
(359,058)	(335,796)	(369,754)	(393,820)	(353,648)	(346,745)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,659,689	\$2,487,378	\$2,641,100	\$2,813,000	\$2,683,214	\$2,501,771
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
63,850	59,296	46,109	44,576	67,915	45,359
(63,850)	(59,296)	(46,109)	(44,576)	(67,915)	(45,359)
\$0	\$0	\$0	\$0	\$0	\$0
2.40%	2.38%	1.75%	1.58%	2.53%	1.81%
15.90%	15.88%	15.75%	15.58%	15.71%	15.67%

Union Scioto Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$1,491,104	\$1,449,963	\$1,346,513	\$1,309,405
Contributions in Relation to the Contractually Required Contribution	<u>(1,491,104)</u>	<u>(1,449,963)</u>	<u>(1,346,513)</u>	<u>(1,309,405)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$10,650,743	\$10,356,879	\$9,617,950	\$9,352,893
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$1,251,240	\$1,183,403	\$1,130,388	\$1,142,056	\$1,129,413	\$1,025,170
<u>(1,251,240)</u>	<u>(1,183,403)</u>	<u>(1,130,388)</u>	<u>(1,142,056)</u>	<u>(1,129,413)</u>	<u>(1,025,170)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,937,429	\$8,452,879	\$8,074,200	\$8,157,543	\$8,067,236	\$7,885,923
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$78,859
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(78,859)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Union Scioto Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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.

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Union Scioto Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 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.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were 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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Term – STRS Pension

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient’s retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Union Scioto Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement,

Union Scioto Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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 percent to 1.984 percent 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 percent 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, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. 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

Union Scioto Local School District, Ohio
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

**UNION SCIOTO LOCAL SCHOOL DISTRICT
ROSS COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	ALN	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	3L60	10.555	57,418
Cash Assistance			
School Breakfast Program	3L70	10.553	245,764
National School Lunch Program	3L60	10.555	504,770
Total Nutrition Cluster			<u>807,952</u>
Total U.S. Department of Agriculture			807,952
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	3M00	84.010	713,393
Special Education Cluster			
Special Education Grants to States	3M20	84.027	518,289
IDEA Early Childhood Grant		84.173	11,077
Total Special Education Cluster			<u>529,366</u>
Title IV-A Student Support and Enrichment		84.424	43,991
ESSER III		84.425 D	194,460
American Rescue Plan		84.425U	2,363,446
Improving Teacher Quality State Grants	3Y60	84.367	67,576
Total U.S. Department of Education			<u>3,912,232</u>
Total Federal Awards Receipts and Expenditures			<u><u>4,720,184</u></u>

**Union-Scioto Local School District
Ross County**

*Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)*

For the Fiscal Year Ended June 30, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

Union-Scioto Local School District
Ross County
1565 Egypt Pike
Chillicothe, Ohio 45601

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union-Scioto Local School District, Ross County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 19, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the district's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
February 19, 2024



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

Union-Scioto Local School District
Ross County
1565 Egypt Pike
Chillicothe, Ohio 45601

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Piketon, Ohio
February 19, 2024

**Union-Scioto Local School District
Ross County, Ohio**

**Schedule of Findings
2 CFR § 200.515
June 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

**Union-Scioto Local School District
Ross County, Ohio**

**Schedule of Findings
2 CFR § 200.515
June 30, 2023**

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

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted

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OHIO AUDITOR OF STATE KEITH FABER



UNION-SCIOTO LOCAL SCHOOL DISTRICT

ROSS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/11/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov