



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY**

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MEDINA COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Wadsworth City School District  
Medina County  
524 Broad Street  
Wadsworth, Ohio 44281

To the Board of Education:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wadsworth City School District, Medina 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, the business-type activities, each major fund, and the aggregate remaining fund information of Wadsworth City School District, Medina 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.

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

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

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

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

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

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

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

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

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

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

**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 Receipts and 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 Receipts and 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 March 1, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 1, 2024

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**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

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

**Financial Highlights**

Key financial highlights for 2023 are as follows:

- In total, net position of governmental activities increased \$7,006,821 which represents a 16.71% increase from the 2022 net position. Net position of business-type activities decreased \$6,833 from 2022.
- Governmental activities general revenues accounted for \$63,994,839 in revenues or 84.22% of all governmental activities revenues. Governmental activities program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$11,990,842 or 15.78% of total governmental activities revenues of \$75,985,681.
- The District had \$68,978,860 in expenses related to governmental activities; only \$11,990,842 of these expenses were offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$63,994,839 were adequate to provide for these programs.
- The District had \$50,232 in expenses related to business-type activities; a total of \$43,399 was offset by program specific charges for services. Total revenues were not adequate to provide for these programs. Net position of business-type activities decreased \$6,833 from a balance of \$16,507 to a balance of \$9,674.
- The District's major funds are the general fund, the debt service fund and the building fund. The general fund had \$57,638,022 in revenues and other financing sources and \$55,192,444 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased \$2,445,578 from a balance of \$19,814,190 to a balance of \$22,259,768.
- The debt service fund had \$6,354,798 in revenues and \$7,796,112 in expenditures and other financing uses. During fiscal year 2023, the debt service fund's fund balance decreased \$1,441,314 from a balance of \$10,536,581 to a balance of \$9,095,267.
- The building fund had \$1,009,656 in revenues and \$1,844,267 in expenditures. During fiscal year 2023, the building fund's fund balance decreased \$834,611 from a balance of \$36,134,577 to a balance of \$35,299,966.

**Using these 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 the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, the debt service fund and the building fund are the only major funds.

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answer this question. These statements include all (non-fiduciary) assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's recreation programs are reported as business-type activities.

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

**Fund Financial Statements**

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major funds are the general fund, the debt service fund and the building fund.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**Governmental Funds**

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 financial statements provide a detailed short-term view of the 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 basic financial statements.

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole.

**Reporting the District's Fiduciary Responsibilities**

The District is the trustee, or fiduciary, for the Four Cities Educational Compact. These activities are reported in a custodial fund. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**Notes to the Basic Financial Statements**

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

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB asset/liability and District contributions for pension and OPEB.

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**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2023 and June 30, 2022.

	<b>Net Position</b>					
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b><u>Assets</u></b>						
Current assets	\$ 127,187,830	\$ 124,520,259	\$ 9,674	\$ 25,383	\$ 127,197,504	\$ 124,545,642
Net OPEB asset	5,283,227	4,362,496	-	-	5,283,227	4,362,496
Capital assets, net	<u>120,197,459</u>	<u>120,296,069</u>	<u>-</u>	<u>-</u>	<u>120,197,459</u>	<u>120,296,069</u>
Total assets	<u>252,668,516</u>	<u>249,178,824</u>	<u>9,674</u>	<u>25,383</u>	<u>252,678,190</u>	<u>249,204,207</u>
<b><u>Deferred outflows</u></b>						
Unamortized deferred charges on debt refunding	1,631,425	1,751,524	-	-	1,631,425	1,751,524
Pension	14,581,151	15,397,682	-	-	14,581,151	15,397,682
OPEB	<u>1,663,065</u>	<u>2,057,941</u>	<u>-</u>	<u>-</u>	<u>1,663,065</u>	<u>2,057,941</u>
Total deferred outflows	<u>17,875,641</u>	<u>19,207,147</u>	<u>-</u>	<u>-</u>	<u>17,875,641</u>	<u>19,207,147</u>
<b><u>Liabilities</u></b>						
Current liabilities	7,610,198	7,732,732	-	8,876	7,610,198	7,741,608
Long-term liabilities:						
Due in one year	5,353,435	5,517,555	-	-	5,353,435	5,517,555
Due in more than one year:						
Net pension liability	56,771,945	34,512,779	-	-	56,771,945	34,512,779
Net OPEB liability	3,034,587	4,262,846	-	-	3,034,587	4,262,846
Other amounts	<u>101,130,690</u>	<u>105,831,494</u>	<u>-</u>	<u>-</u>	<u>101,130,690</u>	<u>105,831,494</u>
Total liabilities	<u>173,900,855</u>	<u>157,857,406</u>	<u>-</u>	<u>8,876</u>	<u>173,900,855</u>	<u>157,866,282</u>
<b><u>Deferred inflows</u></b>						
Property taxes levied for the next fiscal year	34,031,408	33,797,272	-	-	34,031,408	33,797,272
Unamortized deferred gain on debt refunding	68,577	73,307	-	-	68,577	73,307
Pension	5,619,609	27,323,966	-	-	5,619,609	27,323,966
OPEB	<u>7,993,381</u>	<u>7,410,514</u>	<u>-</u>	<u>-</u>	<u>7,993,381</u>	<u>7,410,514</u>
Total deferred inflows	<u>47,712,975</u>	<u>68,605,059</u>	<u>-</u>	<u>-</u>	<u>47,712,975</u>	<u>68,605,059</u>
<b><u>Net Position</u></b>						
Net investment in capital assets	60,791,765	57,901,091	-	-	60,791,765	57,901,091
Restricted	22,972,768	20,776,668	-	-	22,972,768	20,776,668
Unrestricted (deficit)	<u>(34,834,206)</u>	<u>(36,754,253)</u>	<u>9,674</u>	<u>16,507</u>	<u>(34,824,532)</u>	<u>(36,737,746)</u>
Total net position	<u>\$ 48,930,327</u>	<u>\$ 41,923,506</u>	<u>\$ 9,674</u>	<u>\$ 16,507</u>	<u>\$ 48,940,001</u>	<u>\$ 41,940,013</u>

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

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows. The net pension liability increased and deferred inflows of resources related to pension decreased. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$48,940,001. Of this amount, \$48,930,327 is reported in governmental activities and \$9,674 is reported in business-type activities.

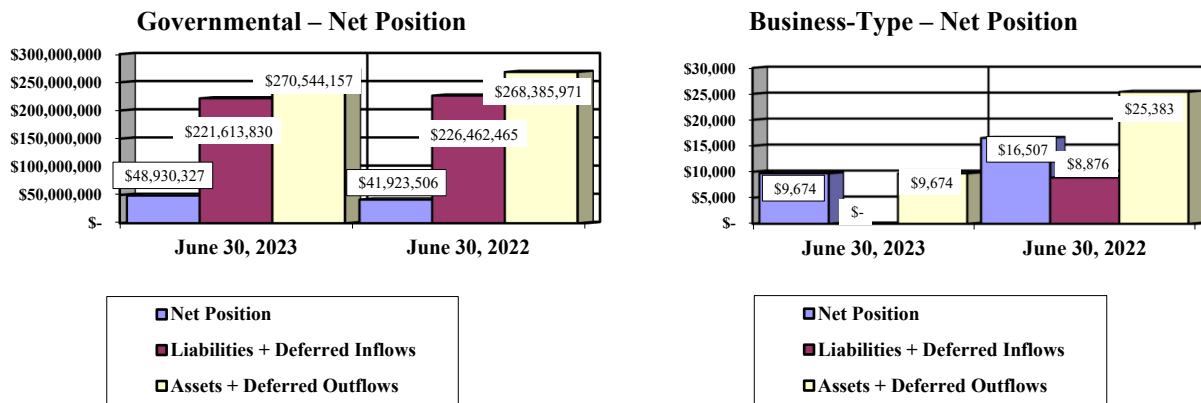
**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)**

At year end, capital assets represented 47.57% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use assets. Net investment in capital assets at June 30, 2023, was \$60,791,765. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$22,972,768, represents resources that are subject to external restriction on how they may be used.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and June 30, 2022.



The table below shows the changes in net position for fiscal years 2023 and 2022.

**Change in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 3,539,365	\$ 2,610,109	\$ 43,399	\$ 40,131	\$ 3,582,764	\$ 2,650,240
Operating grants and contributions	8,058,582	8,350,644	-	-	8,058,582	8,350,644
Capital grants and contributions	392,895	-	-	-	392,895	-
General revenues:						
Property taxes	39,909,876	36,443,083	-	-	39,909,876	36,443,083
Grants and entitlements	19,754,562	19,839,405	-	-	19,754,562	19,839,405
Shared sales taxes	2,757,700	2,662,076	-	-	2,757,700	2,662,076
Investment earnings	1,301,251	161,368	-	-	1,301,251	161,368
Increase/Decrease in fair value of investments	156,456	(686,961)	-	-	156,456	(686,961)
Miscellaneous	114,994	52,882	-	-	114,994	52,882
<b>Total revenues</b>	<b>75,985,681</b>	<b>69,432,606</b>	<b>43,399</b>	<b>40,131</b>	<b>76,029,080</b>	<b>69,472,737</b>

(Continued)

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

	Governmental Activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
<b><u>Expenses</u></b>						
Program expenses:						
Instruction:						
Regular	26,107,452	24,660,104	-	-	26,107,452	24,660,104
Special	10,868,227	8,514,240	-	-	10,868,227	8,514,240
Vocational	1,811,517	2,099,630	-	-	1,811,517	2,099,630
Other	351,775	275,430	-	-	351,775	275,430
Support services:						
Pupil	6,445,753	5,546,492	-	-	6,445,753	5,546,492
Instructional staff	854,376	538,456	-	-	854,376	538,456
Board of education	211,867	179,005	-	-	211,867	179,005
Administration	5,006,586	4,468,360	-	-	5,006,586	4,468,360
Fiscal	1,296,539	1,106,219	-	-	1,296,539	1,106,219
Operations and maintenance	5,631,076	5,020,584	-	-	5,631,076	5,020,584
Pupil transportation	2,102,208	2,337,490	-	-	2,102,208	2,337,490
Central	1,220,162	505,071	-	-	1,220,162	505,071
Operation of non-instructional services						
Other non-instructional services	588,803	591,834	-	-	588,803	591,834
Food service operations	1,628,820	1,633,391	-	-	1,628,820	1,633,391
Extracurricular activities	1,689,536	1,828,260	-	-	1,689,536	1,828,260
Interest and fiscal charges	3,164,163	3,041,934	-	-	3,164,163	3,041,934
Recreation	-	-	50,232	50,179	50,232	50,179
Total expenses	68,978,860	62,346,500	50,232	50,179	69,029,092	62,396,679
Changes in net position	7,006,821	7,086,106	(6,833)	(10,048)	6,999,988	7,076,058
Net position at beginning of year	41,923,506	34,837,400	16,507	26,555	41,940,013	34,863,955
Net position at end of year	\$ 48,930,327	\$ 41,923,506	\$ 9,674	\$ 16,507	\$ 48,940,001	\$ 41,940,013

**Governmental Activities**

Net position of the District's governmental activities increased \$7,006,821. Total governmental expenses of \$68,978,860 were offset by program revenues of \$11,990,842 and general revenues of \$63,994,839. Program revenues supported 17.38% of the total governmental expenses. The primary sources of revenue for governmental activities are derived from property taxes, grants and entitlements not restricted to specific programs, capital grants not restricted to specific purposes and shared sales taxes. These revenue sources represent 82.15% of total governmental revenue.

Expenses of the governmental activities increased \$6,632,360 or 10.64%. This increase is primarily the result of an increase in pension expense. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

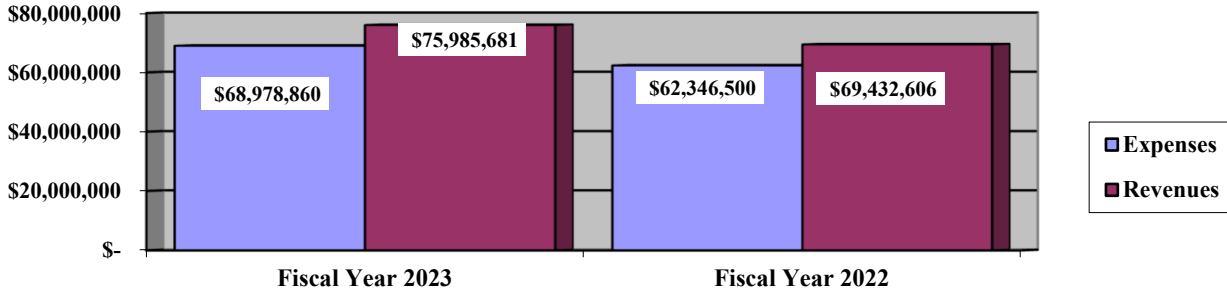
Total revenues increased \$6,553,075 during the current fiscal year. The majority of the increase is due to a \$3,466,793 increase in property taxes.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2023 and 2022.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses:				
Instruction:				
Regular	\$ 26,107,452	\$ 25,090,142	\$ 24,660,104	\$ 23,168,488
Special	10,868,227	6,906,111	8,514,240	5,515,387
Vocational	1,811,517	1,408,527	2,099,630	1,394,974
Other	351,775	351,775	275,430	275,430
Support services:				
Pupil	6,445,753	4,984,088	5,546,492	4,482,666
Instructional staff	854,376	533,693	538,456	528,916
Board of Education	211,867	211,867	179,005	179,005
Administration	5,006,586	4,468,203	4,468,360	4,090,049
Fiscal	1,296,539	1,291,524	1,106,219	1,102,581
Operations and maintenance	5,631,076	5,050,798	5,020,584	4,906,139
Pupil transportation	2,102,208	1,723,858	2,337,490	2,199,415
Central	1,220,162	1,181,701	505,071	442,891
Operation of non-instructional services:				
Other non-instructional services	588,803	65,828	591,834	(179,289)
Food service operations	1,628,820	(208,407)	1,633,391	1,479,455
Extracurricular activities	1,689,536	764,147	1,828,260	1,079,258
Interest and fiscal charges	<u>3,164,163</u>	<u>3,164,163</u>	<u>3,041,934</u>	<u>720,382</u>
Total expenses	<u>\$ 68,978,860</u>	<u>\$ 56,988,018</u>	<u>\$ 62,346,500</u>	<u>\$ 51,385,747</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 86.25% of instruction activities in fiscal year 2023 are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.62%. The District's taxpayers, and grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

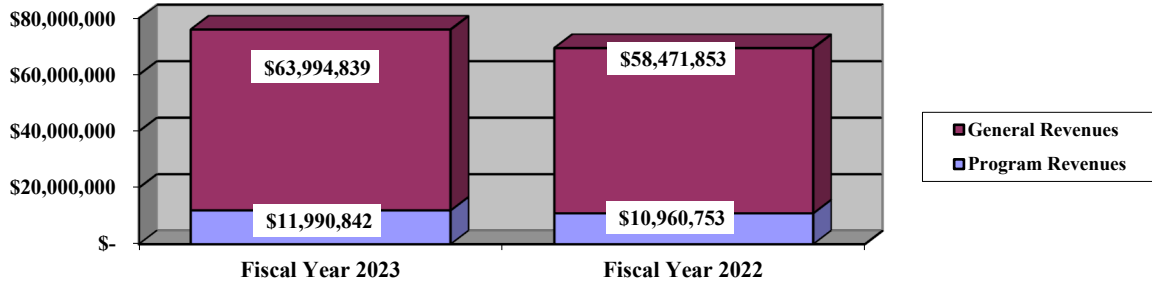


**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal year 2023 and 2022.

**Governmental Activities - General and Program Revenues**



**Business-Type Activities**

Business-type activities include recreation. This program had revenues of \$43,399 and expenses of \$50,232 for fiscal year 2023. This resulted in a decrease to net position for the fiscal year of \$6,833. This fund is intended to be self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$80,826,888 which is higher than last year's balance of \$2,175,121. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance <u>June 30, 2023</u>	Fund Balance <u>June 30, 2022</u>	Increase <u>Decrease</u>
General	\$ 22,259,768	\$ 19,814,190	\$ 2,445,578
Debt service	9,095,267	10,536,581	(1,441,314)
Building	35,299,966	36,134,577	(834,611)
Other governmental	<u>14,171,887</u>	<u>12,166,419</u>	<u>2,005,468</u>
Total	<u>\$ 80,826,888</u>	<u>\$ 78,651,767</u>	<u>\$ 2,175,121</u>

**General Fund**

The District's general fund balance increased \$2,445,578. During the current fiscal year, general fund tax revenues increased \$4,198,778 due to an increase in the amount of property tax revenues received in the current year compared to the prior fiscal year. This was offset by increases in instructional and support services personnel costs.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 33,360,963	\$ 29,162,185	14.40 %
Tuition	1,149,460	1,099,803	4.52 %
Earnings on investments	500,541	93,397	435.93 %
Intergovernmental	22,042,545	21,727,143	1.45 %
Other revenues	<u>556,883</u>	<u>57,871</u>	862.28 %
Total	<u>\$ 57,610,392</u>	<u>\$ 52,140,399</u>	10.49 %
<b><u>Expenditures</u></b>			
Instruction	\$ 34,328,260	\$ 31,895,374	7.63 %
Support services	19,541,437	17,967,818	8.76 %
Extracurricular activities	1,118,390	1,044,384	7.09 %
Operation of non-instructional services	58	-	100.00 %
Facilities acquisition and construction	30,792	581,399	(94.70) %
Debt service	<u>125,235</u>	<u>71,107</u>	76.12 %
Total	<u>\$ 55,144,172</u>	<u>\$ 51,560,082</u>	6.95 %

**Debt Service Fund**

The debt service fund had \$6,354,798 in revenues and \$7,796,112 in expenditures and other financing uses. During fiscal year 2023, the debt service fund's fund balance decreased \$1,441,314 from a balance of \$10,536,581 to a balance of \$9,095,267.

**Building Fund**

The building fund had \$1,009,656 in revenues and \$1,844,267 in expenditures. During fiscal year 2023, the building fund's fund balance decreased \$834,611 from a balance of \$36,134,577 to a balance of \$35,299,966.

**General Fund Budgeting Highlights**

The 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 District amended its general fund budget twice. For the general fund, final budgeted revenues and other financing sources were \$58,621,022, which was \$312,013 higher than the original budgeted revenues estimate of \$58,309,009. Actual revenues and other financing sources for fiscal year 2023 were also \$58,621,022, the same amount that was used for the final budgeted revenues.

General fund original appropriations and other financing uses of \$56,235,842 were increased to \$56,300,004 in the final appropriations, which was \$64,162 higher than original. The actual budget basis expenditures and other financing uses for fiscal year 2023 also was \$56,300,004, the same amount that was used for the final budgeted appropriations.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2023, the District had \$120,197,459 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows fiscal year 2023 balances compared to 2022.

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2023</u>	<u>2022</u>
Land	\$ 2,476,562	\$ 2,346,562
Construction in progress	3,585,198	1,126,084
Land improvements	1,457,081	1,658,411
Building and improvements	107,664,495	111,191,792
Furniture and equipment	2,647,032	2,330,308
Vehicles	1,609,205	1,106,624
Intangible right to use assets	<u>757,886</u>	<u>536,288</u>
<b>Total</b>	<b><u>\$ 120,197,459</u></b>	<b><u>\$ 120,296,069</u></b>

The overall decrease in capital assets is due to depreciation expense of \$4,878,612 and disposals (net of accumulated depreciation) of \$72,000 exceeding capital outlays of \$4,852,002 in the current period.

See Note 8 to the basic financial statements for detail on the District's capital assets.

**Debt Administration**

At June 30, 2023, the District had \$95,713,457 in general obligation bonds, \$3,260,000 in notes payable, \$442,616 in lease payables and \$15,194 in SBITA payables outstanding. Of this total, \$4,835,035 is due within one year and \$94,596,232 is due within greater than one year. The following table summarizes the liabilities outstanding.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
General obligation bonds	\$ 95,713,457	\$ 99,778,561
Note payable - finance purchase	3,260,000	4,300,000
Lease payable	442,616	545,226
SBITA payable	<u>15,194</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 99,431,267</u></b>	<b><u>\$ 104,623,787</u></b>

See Note 13 to the basic financial statements for detail on the District's debt administration.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023  
(UNAUDITED)

**Current Financial Related Activities**

The District continues to receive support from the residents of the District. As the preceding information shows, the District relies heavily on its local property taxpayers. The last operating levy (a combination operating and bond levy) passed by the residents of the District was in November 2021, with the promise that the revenue generated by a levy would provide sufficient funding for a significant period of time.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is compared to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, the District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 52.5% of revenues for governmental activities for the District in fiscal year 2023.

The District has also been affected changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses to prevent the District from returning to the ballot with an operating levy request. This has made it increasingly difficult with mandates in gifted education, rising utility costs, increased special education services required for our students, and increase in health insurance and property/liability/fleet insurance.

From State funding perspective, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward Districts with little property tax wealth.

The District anticipates revenue growth for all five years of the five year fiscal forecast. The majority of the projected growth is from local property taxes. However, the State of Ohio adopted the Fair School Funding Plan for the FY 2022 and 2023 biennial budget and continued the Fair School Funding Plan for the FY 2024 and 2025 biennial budget. The Fair School Funding Plan is projected to provide some growth in state aid for the District in FY 2024 but then a decrease in FY 2026 due to the phasing in of the last reappraisal.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the District's systems of budgeting and internal controls are well regarded. All of the District's financial abilities will be needed to meet the challenges of the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact, Douglas Beeman, Treasurer of Wadsworth City School District, 524 Broad Street., Wadsworth, Ohio 44281, e-mail [dbeeman@wadsworthschools.org](mailto:dbeeman@wadsworthschools.org).

BASIC  
FINANCIAL STATEMENTS

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**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2023

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 83,180,414	\$ 9,674	\$ 83,190,088
Cash with fiscal agent	46,308	-	46,308
Cash in segregated accounts	26,933	-	26,933
Receivables:			
Property taxes	40,422,122	-	40,422,122
Accounts	72,735	-	72,735
Accrued interest	463,319	-	463,319
Shared sales tax	1,489,620	-	1,489,620
Intergovernmental	1,137,201	-	1,137,201
Prepayments	65,837	-	65,837
Materials and supplies inventory	50,755	-	50,755
Net OPEB asset	5,283,227	-	5,283,227
Assets held for resale	232,586	-	232,586
Capital assets:			
Land and construction in progress	6,061,760	-	6,061,760
Depreciable capital assets, net	114,135,699	-	114,135,699
Capital assets, net	120,197,459	-	120,197,459
Total assets	<u>252,668,516</u>	<u>9,674</u>	<u>252,678,190</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	1,631,425	-	1,631,425
Pension	14,581,151	-	14,581,151
OPEB	1,663,065	-	1,663,065
Total deferred outflows of resources	<u>17,875,641</u>	<u>-</u>	<u>17,875,641</u>
<b>Liabilities:</b>			
Accounts payable	195,240	-	195,240
Contracts payable	171,603	-	171,603
Retainage payable	75,034	-	75,034
Accrued wages and benefits payable	5,458,937	-	5,458,937
Intergovernmental payable	501,291	-	501,291
Pension and postemployment benefits payable	1,067,194	-	1,067,194
Accrued interest payable	140,899	-	140,899
Long-term liabilities:			
Due within one year	5,353,435	-	5,353,435
Due in more than one year:			
Net pension liability	56,771,945	-	56,771,945
Net OPEB liability	3,034,587	-	3,034,587
Other amounts due in more than one year	101,130,690	-	101,130,690
Total liabilities	<u>173,900,855</u>	<u>-</u>	<u>173,900,855</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	34,031,408	-	34,031,408
Unamortized deferred gain on debt refunding	68,577	-	68,577
Pension	5,619,609	-	5,619,609
OPEB	7,993,381	-	7,993,381
Total deferred inflows of resources	<u>47,712,975</u>	<u>-</u>	<u>47,712,975</u>
<b>Net position:</b>			
Net investment in capital assets	60,791,765	-	60,791,765
Restricted for:			
Capital projects	7,107,622	-	7,107,622
OPEB	1,218,789	-	1,218,789
Classroom facilities maintenance	2,668,032	-	2,668,032
Debt service	9,045,001	-	9,045,001
State funded programs	71,237	-	71,237
Federally funded programs	70,000	-	70,000
Food service operations	2,251,499	-	2,251,499
Extracurricular	286,538	-	286,538
Other purposes	254,050	-	254,050
Unrestricted (deficit)	(34,834,206)	9,674	(34,824,532)
Total net position	<u>\$ 48,930,327</u>	<u>\$ 9,674</u>	<u>\$ 48,940,001</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 26,107,452	\$ 476,438	\$ 540,872	\$ -
Special	10,868,227	670,268	3,291,848	-
Vocational	1,811,517	84,481	318,509	-
Other	351,775	-	-	-
Support services:				
Pupil	6,445,753	10,244	1,380,092	71,329
Instructional staff	854,376	-	320,683	-
Board of education	211,867	-	-	-
Administration	5,006,586	310,822	227,561	-
Fiscal	1,296,539	5,015	-	-
Operations and maintenance	5,631,076	42,750	364,891	172,637
Pupil transportation	2,102,208	20,008	209,413	148,929
Central	1,220,162	-	38,461	-
Operation of non-instructional services:				
Food service operations	1,628,820	789,772	1,047,455	-
Other non-instructional services	588,803	206,660	316,315	-
Extracurricular activities	1,689,536	922,907	2,482	-
Interest and fiscal charges	3,164,163	-	-	-
<b>Total governmental activities</b>	<b>68,978,860</b>	<b>3,539,365</b>	<b>8,058,582</b>	<b>392,895</b>
<b>Business-type activities:</b>				
Recreation	50,232	43,399	-	-
<b>Total business-type activities</b>	<b>50,232</b>	<b>43,399</b>	<b>-</b>	<b>-</b>
<b>Totals</b>	<b>\$ 69,029,092</b>	<b>\$ 3,582,764</b>	<b>\$ 8,058,582</b>	<b>\$ 392,895</b>

**General revenues:**

Property taxes levied for:

    General purposes

    Debt service

Grants and entitlements not restricted to specific programs

    General purposes

    Capital grants

Shared sales tax

Investment earnings

Increase in fair value of investments

Miscellaneous

Total general revenues

Change in net position

**Net position at beginning of year**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



<b>Net (Expense) Revenue and Changes in Net Position</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (25,090,142)	\$ -	\$ (25,090,142)
(6,906,111)	-	(6,906,111)
(1,408,527)	-	(1,408,527)
(351,775)	-	(351,775)
(4,984,088)	-	(4,984,088)
(533,693)	-	(533,693)
(211,867)	-	(211,867)
(4,468,203)	-	(4,468,203)
(1,291,524)	-	(1,291,524)
(5,050,798)	-	(5,050,798)
(1,723,858)	-	(1,723,858)
(1,181,701)	-	(1,181,701)
208,407	-	208,407
(65,828)	-	(65,828)
(764,147)	-	(764,147)
(3,164,163)	-	(3,164,163)
(56,988,018)	-	(56,988,018)
-	(6,833)	(6,833)
-	(6,833)	(6,833)
(56,988,018)	(6,833)	(56,994,851)
33,983,770	-	33,983,770
5,926,106	-	5,926,106
19,709,701	-	19,709,701
44,861	-	44,861
2,757,700	-	2,757,700
1,301,251	-	1,301,251
156,456	-	156,456
114,994	-	114,994
63,994,839	-	63,994,839
7,006,821	(6,833)	6,999,988
41,923,506	16,507	41,940,013
<u>\$ 48,930,327</u>	<u>\$ 9,674</u>	<u>\$ 48,940,001</u>

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023

	General	Debt Service	Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in pooled cash and cash equivalents	\$ 25,029,255	\$ 8,468,317	\$ 35,198,172	\$ 14,484,670	\$ 83,180,414
Cash with fiscal agent	46,308	-	-	-	46,308
Cash in segregated accounts	26,933	-	-	-	26,933
Receivables:					
Property taxes	34,635,800	5,786,322	-	-	40,422,122
Accounts	69,567	-	-	3,168	72,735
Accrued interest	215,667	-	247,652	-	463,319
Shared sales taxes	-	-	-	1,489,620	1,489,620
Interfund loans	329,715	-	-	-	329,715
Intergovernmental	487,288	-	-	649,913	1,137,201
Prepayments	61,375	-	-	4,462	65,837
Materials and supplies inventory	50,755	-	-	-	50,755
Assets held for resale	232,586	-	-	-	232,586
<b>Total assets</b>	<b>\$ 61,185,249</b>	<b>\$ 14,254,639</b>	<b>\$ 35,445,824</b>	<b>\$ 16,631,833</b>	<b>\$ 127,517,545</b>
<b>Liabilities:</b>					
Accounts payable	\$ 124,659	\$ -	\$ -	\$ 70,581	\$ 195,240
Contracts payable	-	-	69,285	102,318	171,603
Retainage payable	-	-	-	75,034	75,034
Accrued wages and benefits payable	5,082,874	-	-	376,063	5,458,937
Compensated absences payable	347,254	-	-	-	347,254
Intergovernmental payable	496,752	-	-	4,539	501,291
Pension and post employment benefits payable	1,009,852	-	-	57,342	1,067,194
Interfund loans payable	-	-	-	329,715	329,715
<b>Total liabilities</b>	<b>7,061,391</b>	<b>-</b>	<b>69,285</b>	<b>1,015,592</b>	<b>8,146,268</b>
<b>Deferred inflows of resources:</b>					
Property taxes levied for the next fiscal year	29,080,008	4,951,400	-	-	34,031,408
Delinquent property tax revenue not available	2,508,262	207,972	-	-	2,716,234
Intergovernmental revenue not available	184,111	-	-	649,544	833,655
Accrued interest not available	41,474	-	76,573	-	118,047
Miscellaneous revenue not available	50,235	-	-	-	50,235
Shared sales tax	-	-	-	794,810	794,810
<b>Total deferred inflows of resources</b>	<b>31,864,090</b>	<b>5,159,372</b>	<b>76,573</b>	<b>1,444,354</b>	<b>38,544,389</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>38,925,481</b>	<b>5,159,372</b>	<b>145,858</b>	<b>2,459,946</b>	<b>46,690,657</b>
<b>Fund balances:</b>					
Nonspendable:					
Materials and supplies inventory	50,755	-	-	-	50,755
Prepays	61,375	-	-	4,462	65,837
Restricted:					
Debt service	-	9,095,267	-	-	9,095,267
Capital improvements	-	-	35,299,966	9,163,754	44,463,720
Classroom facilities maintenance	-	-	-	2,668,032	2,668,032
Food service operations	-	-	-	2,328,398	2,328,398
Non-public schools	-	-	-	6,634	6,634
State funded programs	-	-	-	71,237	71,237
Federally funded programs	-	-	-	70,000	70,000
Extracurricular	-	-	-	286,538	286,538
Other purposes	-	-	-	254,050	254,050
Committed:					
Student and staff support	90,915	-	-	-	90,915
Student instruction	292,894	-	-	-	292,894
Assigned:					
Student instruction	385,730	-	-	-	385,730
Student and staff support	323,274	-	-	-	323,274
Extracurricular activities	22,194	-	-	-	22,194
Subsequent year's appropriations	1,101,075	-	-	-	1,101,075
Public school support	73,269	-	-	-	73,269
Uniform school supplies	32,878	-	-	-	32,878
Employee benefits	32,234	-	-	-	32,234
Other purposes	269,081	-	-	-	269,081
Unassigned (deficit)	19,524,094	-	-	(681,218)	18,842,876
<b>Total fund balances</b>	<b>22,259,768</b>	<b>9,095,267</b>	<b>35,299,966</b>	<b>14,171,887</b>	<b>80,826,888</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 61,185,249</b>	<b>\$ 14,254,639</b>	<b>\$ 35,445,824</b>	<b>\$ 16,631,833</b>	<b>\$ 127,517,545</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2023

<b>Total governmental fund balances</b>		\$	80,826,888
<i>Amounts reported for governmental activities on 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.			120,197,459
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	2,716,234	
Shared taxes receivable		794,810	
Accounts receivable		50,235	
Accrued interest receivable		118,047	
Intergovernmental receivable		833,655	
Total			4,512,981
Unamortized premiums on bonds issued are not recognized in the funds.			(6,449,657)
Unamortized amounts on refundings are not recognized in the funds.			1,562,848
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(140,899)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		14,581,151	
Deferred inflows - pension		(5,619,609)	
Net pension liability		(56,771,945)	
Deferred outflows - OPEB		1,663,065	
Deferred inflows - OPEB		(7,993,381)	
Net OPEB asset		5,283,227	
Net OPEB liability		(3,034,587)	
Total			(51,892,079)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(89,263,800)	
Lease obligation - COP		(3,260,000)	
Lease obligation - Copiers		(442,616)	
SBITA obligation		(15,194)	
Compensated absences		(6,705,604)	
Total			(99,687,214)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>48,930,327</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Debt Service	Building	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property taxes	\$ 33,360,963	\$ 5,905,548	\$ -	\$ -	\$ 39,266,511
Intergovernmental	22,042,545	449,250	-	6,129,801	28,621,596
Investment earnings	500,541	-	730,734	94,440	1,325,715
Tuition and fees	1,149,460	-	-	239,435	1,388,895
Extracurricular	276,185	-	-	747,974	1,024,159
Rental income	42,729	-	-	-	42,729
Charges for services	293,810	-	-	834,633	1,128,443
Contributions and donations	36,530	-	-	30,181	66,711
Miscellaneous	30,095	-	-	68,173	98,268
Shared sales taxes	-	-	-	2,626,703	2,626,703
Decrease in fair value of investments	(122,466)	-	278,922	-	156,456
Total revenues	<u>57,610,392</u>	<u>6,354,798</u>	<u>1,009,656</u>	<u>10,771,340</u>	<u>75,746,186</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	23,449,307	-	-	1,032,794	24,482,101
Special	8,919,698	-	-	1,272,228	10,191,926
Vocational	1,628,180	-	-	1,000	1,629,180
Other	331,075	-	-	-	331,075
Support services:					
Pupil	5,155,954	-	-	732,055	5,888,009
Instructional staff	662,383	-	-	320,216	982,599
Board of education	191,014	3,950	3,382	-	198,346
Administration	4,463,562	-	-	175,969	4,639,531
Fiscal	1,112,101	84,226	-	5,375	1,201,702
Operations and maintenance	5,015,734	-	-	484,568	5,500,302
Pupil transportation	2,399,048	-	-	245,229	2,644,277
Central	541,641	-	-	641,333	1,182,974
Operation of non-instructional services:					
Food service operations	-	-	-	1,471,397	1,471,397
Other non-instructional services	58	-	-	532,670	532,728
Extracurricular activities	1,118,390	-	-	742,253	1,860,643
Facilities acquisition and construction	30,792	-	1,840,885	715,459	2,587,136
Debt service:					
Principal retirement	110,795	3,894,258	-	1,040,000	5,045,053
Interest and fiscal charges	14,440	3,015,124	-	79,410	3,108,974
Accretion on capital appreciation bonds	-	120,742	-	-	120,742
Total expenditures	<u>55,144,172</u>	<u>7,118,300</u>	<u>1,844,267</u>	<u>9,491,956</u>	<u>73,598,695</u>
Excess of revenues over (under) expenditures	<u>2,466,220</u>	<u>(763,502)</u>	<u>(834,611)</u>	<u>1,279,384</u>	<u>2,147,491</u>
<b>Other financing sources (uses):</b>					
Sale of assets	4,251	-	-	-	4,251
Transfers in	-	-	-	726,084	726,084
Transfers (out)	(48,272)	(677,812)	-	-	(726,084)
SBITA transaction	23,379	-	-	-	23,379
Total other financing sources (uses)	<u>(20,642)</u>	<u>(677,812)</u>	<u>-</u>	<u>726,084</u>	<u>27,630</u>
Net change in fund balances	2,445,578	(1,441,314)	(834,611)	2,005,468	2,175,121
<b>Fund balances at beginning of year</b>	<u>19,814,190</u>	<u>10,536,581</u>	<u>36,134,577</u>	<u>12,166,419</u>	<u>78,651,767</u>
<b>Fund balances at end of year</b>	<u>\$ 22,259,768</u>	<u>\$ 9,095,267</u>	<u>\$ 35,299,966</u>	<u>\$ 14,171,887</u>	<u>\$ 80,826,888</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

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

<b>Net change in fund balances - total governmental funds</b>	\$	2,175,121
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 4,852,002	
Current year depreciation	<u>(4,878,612)</u>	
Total		(26,610)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(72,000)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	643,365	
Sales taxes	130,997	
Accrued interest	69,976	
Miscellaneous	50,235	
Intergovernmental	<u>(655,078)</u>	
Total		239,495
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		5,165,795
Issuance of SBITA agreements are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(23,379)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	10,076	
Accreted interest on capital appreciation bonds	(315,236)	
Amortization of bond premiums	365,340	
Amortization of refunding gain	4,730	
Amortization of refunding loss	<u>(120,099)</u>	
Total		(55,189)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	5,223,464	
OPEB	<u>156,505</u>	
Total		5,379,969
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,594,804)	
OPEB	<u>1,014,742</u>	
Total		(5,580,062)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(196,319)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>7,006,821</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 33,409,497	\$ 32,315,363	\$ 32,315,363	\$ -
Intergovernmental	21,887,954	22,063,697	22,063,697	-
Investment earnings	120,000	370,559	370,559	-
Tuition and fees	726,000	1,099,917	1,099,917	-
Extracurricular	122,155	142,390	142,390	-
Rental income	40,000	41,774	41,774	-
Charges for services	50,350	139,928	139,928	-
Contributions and donations	9,000	34,664	34,664	-
Miscellaneous	35,520	28,593	28,593	-
Total revenues	<u>56,400,476</u>	<u>56,236,885</u>	<u>56,236,885</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	27,528,975	23,860,158	23,860,158	-
Special	6,595,499	9,182,727	9,182,727	-
Vocational	1,701,933	1,548,231	1,548,231	-
Other	1,352,530	331,075	331,075	-
Support services:				
Pupil	4,820,708	5,193,408	5,193,408	-
Instructional staff	476,097	688,184	688,184	-
Board of education	246,794	245,824	245,824	-
Administration	3,567,177	4,229,280	4,229,280	-
Fiscal	1,010,487	1,138,070	1,138,070	-
Operations and maintenance	4,894,337	5,282,589	5,282,589	-
Pupil transportation	2,397,190	2,574,334	2,574,334	-
Central	498,033	506,622	506,622	-
Operation of non-instructional services				
Other non-instructional services	-	58	58	-
Extracurricular activities	910,082	1,097,980	1,097,980	-
Facilities acquisition and construction	16,000	7,413	7,413	-
Total expenditures	<u>56,015,842</u>	<u>55,885,953</u>	<u>55,885,953</u>	<u>-</u>
Excess of revenues over expenditures	<u>384,634</u>	<u>350,932</u>	<u>350,932</u>	<u>-</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	50,000	526,351	526,351	-
Transfers (out)	(20,000)	(48,272)	(48,272)	-
Advances in	1,853,533	1,853,535	1,853,535	-
Advances (out)	(200,000)	(365,779)	(365,779)	-
Sale of capital assets	5,000	4,251	4,251	-
Total other financing sources (uses)	<u>1,688,533</u>	<u>1,970,086</u>	<u>1,970,086</u>	<u>-</u>
Net change in fund balance	2,073,167	2,321,018	2,321,018	-
<b>Fund balance at beginning of year</b>	20,682,234	20,682,234	20,682,234	-
<b>Prior year encumbrances appropriated</b>	1,186,140	1,186,140	1,186,140	-
<b>Fund balance at end of year</b>	<u>\$ 23,941,541</u>	<u>\$ 24,189,392</u>	<u>\$ 24,189,392</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
JUNE 30, 2023

	<u><b>Total Business-Type Activities - Enterprise Fund</b></u>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 9,674
Total assets	<u>9,674</u>
<b>Net position:</b>	
Unrestricted	<u>9,674</u>
Total net position	<u><u>\$ 9,674</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<b>Total Business-Type Activities - Enterprise Fund</b>
<b>Operating revenues:</b>	
Charges for service	\$ 43,399
Total operating revenues	43,399
<b>Operating expenses:</b>	
Purchased services	46,483
Materials and supplies	3,749
Total operating expenses	50,232
Operating loss	(6,833)
Change in net position	(6,833)
<b>Net position at beginning of year</b>	<b>16,507</b>
<b>Net position at end of year</b>	<b>\$ 9,674</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<b>Total Business-Type Activities - Enterprise Fund</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services	\$ 43,399
Cash payments for contractual services	(55,359)
Cash payments for materials and supplies	(3,749)
	(15,709)
Net cash used in operating activities	(15,709)
Net decrease in cash and cash equivalents	(15,709)
<b>Cash and cash equivalents at beginning of year</b>	25,383
<b>Cash and cash equivalents at end of year</b>	<u>\$ 9,674</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	\$ (6,833)
Changes in assets and liabilities:	
Accounts payable	(8,876)
	(8,876)
Net cash used in operating activities	<u>\$ (15,709)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2023

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 92,864
Prepayments	<u>223</u>
Total assets	<u>93,087</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable	217
Due to other governments	<u>7,741</u>
Total liabilities	<u>7,958</u>
<b>Net position:</b>	
Restricted for individuals, organizations and other governments	<u>85,129</u>
Total net position	<u><u>\$ 85,129</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<b>Custodial</b>
<b>Additions:</b>	
Amounts received as fiscal agent	\$ 343,907
Other custodial fund collections	4,682
Total additions	348,589
<b>Deductions:</b>	
Distributions as fiscal agent	335,810
Other custodial fund disbursements	3,277
Total deductions	339,087
Change in net position	9,502
<b>Net position at beginning of year</b>	<b>75,627</b>
<b>Net position at end of year</b>	<b>\$ 85,129</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

The Wadsworth City School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies. This Board controls the District’s eight instructional/support facilities staffed by 319 non-certified employees and 342 certified full-time teaching personnel who provide services to 4,312 students and other community members.

The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as part of the reporting entity.

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government) and include all of the funds of the District over which the Board of Education exercises operating control.

The District is involved in a jointly governed organization, a related organization and two public entity risk pools which are described in Note 15, Note 16 and Note 17, respectively.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Basis of Presentation**

The 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

The statement of net position presents the financial condition of the governmental and business-type activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities and for the business-type activity of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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 District, with certain limitations. 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 District.

*Fund Financial Statements* - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

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

The following are the District's major governmental funds:

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Debt service fund* - The debt service fund is used to account for resources that are restricted for payment of debt service principal and interest.

*Building fund* - The building fund is used to account for resources that are restricted for capital outlays including the acquisition or construction of capital facilities and other capital assets. This fund accounts for receipts and expenditures related to all special bond funds in the District. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Proprietary fund - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The following is the District's proprietary fund:

Enterprise fund - An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods or services. The District's enterprise fund is:

Recreation fund - This fund accounts for fees for the upkeep of the recreational center and educational opportunities offered to District residents.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only fiduciary funds are custodial funds. The District's custodial funds account for OSHAA Tournaments and the Four Cities Educational Compact as shown in Note 15.

**C. Measurement Focus**

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 and current liabilities and deferred inflows 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, deferred outflows, liabilities and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary fund activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

**WADSWORTH CITY SCHOOL DISTRICT  
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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's enterprise fund are program fees. Operating expenses for the enterprise fund include the cost of sales, personnel and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for the proprietary and fiduciary funds are prepared using the 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 inflows, and in the presentation of expenses versus expenditures. Fiduciary funds also use the accrual basis of accounting.

*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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, payments in lieu of taxes, interest, tuition, grants, student fees and rentals.

*Deferred Outflows of Resources and Deferred Inflows of Resources* - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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. See Notes 11 and 12 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report 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 as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes 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 of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 11 and 12 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "Operating Grants and Contributions" program revenue account.

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

**E. Cash and Investments**

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

During fiscal year 2023 the District had investments in federal agency securities, the State Treasury Asset Reserve of Ohio (STAR Ohio), negotiable certificates of deposit, municipal bonds, U.S. Treasury money market mutual funds, U.S. Treasury bills and investments in U.S. Treasury notes. See Note 4 for a full listing of the District's investments. All investments are reported at fair value which is based on quoted market prices except for nonparticipating investments contracts, such as nonnegotiable certificates of deposit, which are reported at cost.

The District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The 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.



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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$500,541, which includes \$163,236 from other District funds.

For presentation on the financial statements, 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 District are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not purchased from the pool are reported as “investments”.

An analysis of the District’s investment account at fiscal year end is provided in Note 4.

**F. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value. The District capital asset policy is to tag all items over \$5,000 and other items controlled by management. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Land improvements	5 - 50 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Intangible right to use:	
Equipment	5 years
Software	6 years
Vehicles	10 - 15 years

The District is reporting intangible right to use assets related to leased equipment and software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**G. Compensated Absences**

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements and in the proprietary fund.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**H. 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. Bonds and capital leases are recognized as a liability on the fund financial statements when due. 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.

**I. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**J. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

*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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

*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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**K. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds are eliminated for reporting of governmental activities 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Transfers between governmental funds are eliminated for reporting on the government-wide statement of activities. Interfund services provided and used are not eliminated for reporting on the government-wide statement of activities.

**L. Unamortized Bond Premium and Discount/Accounting Gain or Loss**

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources. On the governmental fund financial statements bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 13.

**M. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During the current fiscal year, the District reported neither transaction.

**N. Assets Held for Resale**

As part of the Career Tech Carpentry class, the students constructed a home. The District's intent is for the home to be sold. Transactions are conducted through the District's general fund.

**O. 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.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**P. Budgetary Data**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2023.

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

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at year end are reported as restricted, committed or assigned fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

**Q. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expense/expended when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported materials and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**R. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**S. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

**T. Fair Value**

The 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. These changes were incorporated in the District’s fiscal year 2023 financial statements.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Elementary and Secondary School Emergency Relief (ESSER)	\$ 320,264
IDEA Part-B	176,264
Vocational education	25,610
Title I - disadvantaged children	93,205
Supporting Effective Instruction	13,870
Bear Club Academy	25,276
Title IV-A	23,345

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; 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 items (1) and (2) above 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, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time.

Protection of the 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.

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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.



**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**A. Cash with Fiscal Agent**

At June 30, 2023, the District had \$46,308 in cash held by The Educational Service Center of Medina County, which is included on the balance sheet as “Cash with Fiscal Agent”. The money held by the fiscal agent cannot be identified as an investment or deposit since it is held in a pool made up of numerous participants.

**B. Cash in Segregated Accounts**

The District is a member of the Four Cities Educational Compact (the Compact). The District is the fiscal agent for the Compact. The Compact depository and investment accounts are held separately from the District’s funds and excluded from the amount reported in the carrying value below. The District’s portion is \$26,933 and this is included on the balance sheet as “Cash in Segregated Accounts”.

**C. Cash on Hand**

At fiscal year end, the District had \$7,721 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

**D. Deposits with Financial Institutions**

At June 30, 2023, the carrying amount of all District deposits was \$15,351,902 and the bank balance of all District deposits was \$15,539,231. Of the bank balance, \$250,000 was covered by the FDIC, \$9,562,992 was covered by the Ohio Pooled Collateral System and \$5,726,239 was exposed to custodial risk.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District’s and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the District’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

**E. Investments**

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
Negotiable CD's	\$ 2,405,038	\$ 982,459	\$ 482,415	\$ 712,567	\$ 227,597	\$ -
FNMA	497,300	497,300	-	-	-	-
FFCB	5,124,316	2,975,320	-	1,216,176	932,820	-
FHLMC	5,937,147	390,000	-	-	3,585,167	1,961,980
FHLB	32,208,817	4,619,449	9,556,776	9,600,953	4,624,508	3,807,131
U.S. Treasury money market	169,607	169,607	-	-	-	-
U.S. Treasury note	13,802,160	11,856,840	1,945,320	-	-	-
U.S. Treasury bill	1,059,025	-	1,059,025	-	-	-
Municipal bonds	1,144,298	-	1,144,298	-	-	-
Amortized Cost:						
STAR Ohio	5,602,554	5,602,554	-	-	-	-
Total	<u>\$ 67,950,262</u>	<u>\$ 27,093,529</u>	<u>\$ 14,187,834</u>	<u>\$ 11,529,696</u>	<u>\$ 9,370,092</u>	<u>\$ 5,769,111</u>

The weighted average maturity of investments is 0.92 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FFCB), municipal bonds and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's U.S. Treasury money market mutual funds were rated AAAM by Standard & Poor's. The federal agency securities have been assigned a rating of AA+ by Standard & Poor's and a rating of Aaa by Moody's. The negotiable CDs are covered by FDIC. The District's investment policy does not specifically address credit risk beyond the adherence to Chapter 135 of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

<u>Measurement/ Investment type</u>	<u>Fair Value</u>	<u>% to Total</u>
Fair Value:		
Negotiable CD's	\$ 2,405,038	3.54
FNMA	497,300	0.73
FFCB	5,124,316	7.54
FHLMC	5,937,147	8.74
FHLB	32,208,817	47.40
U.S. Treasury money market	169,607	0.25
U.S. Treasury note	13,802,160	20.31
U.S. Treasury bill	1,059,025	1.56
Municipal bonds	1,144,298	1.68
Amortized Cost:		
STAR Ohio	<u>5,602,554</u>	<u>8.25</u>
Total	<u>\$ 67,950,262</u>	<u>100.00</u>

**F. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 15,351,902
Investments	67,950,262
Cash on hand	7,721
Cash with fiscal agent	<u>46,308</u>
Total	<u>\$ 83,356,193</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 83,253,655
Custodial funds	92,864
Business-type activities	<u>9,674</u>
Total	<u>\$ 83,356,193</u>

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on 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 is currently assessed at varying percentages of true value.

The District receives property taxes from Medina County. The County Auditor periodically advances to the 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 as an advance at June 30, 2023 was \$3,047,530 in the general fund and \$626,950 in the debt service fund. This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$2,001,930 in the general fund and \$426,050 in the debt service fund. The amount of second-half real property taxes available for advance at fiscal year-end 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.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 779,216,520	89.30	\$ 951,687,910	90.65
Public utility personal	<u>93,402,130</u>	<u>10.70</u>	<u>98,138,550</u>	<u>9.35</u>
Total	<u>\$ 872,618,650</u>	<u>100.00</u>	<u>\$ 1,049,826,460</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$82.10		\$80.90	

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**NOTE 6 - SHARED SALES TAX REVENUE**

During 2007, the voters of Medina County passed an additional one-half percentage tax to be used for capital improvements at all school districts within the County. Collection began in October 2007. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the State Auditor the amount of the tax to be returned to the County. The County then allocates this tax to the school districts within the County based on the student enrollment number. During fiscal year 2023, the District recorded shared sales tax revenue of \$2,626,703 in the capital grants fund (a nonmajor governmental fund).

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2023 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, shared sales taxes and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the receivables on the statement of net position follows:

**Governmental activities:**

Taxes	\$ 40,422,122
Accounts	72,735
Accrued interest	463,319
Shared sales taxes	1,489,620
Intergovernmental	<u>1,137,201</u>
Total	<u>\$ 43,584,997</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

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**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8 - CAPITAL ASSETS**

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

<b>Governmental activities:</b>	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2023</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,346,562	\$ 130,000	\$ -	\$ 2,476,562
Construction in progress	<u>1,126,084</u>	<u>2,657,063</u>	<u>(197,949)</u>	<u>3,585,198</u>
Total capital assets, not being depreciated/amortized	<u>3,472,646</u>	<u>2,787,063</u>	<u>(197,949)</u>	<u>6,061,760</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	3,660,110	-	(30,000)	3,630,110
Buildings and improvements	162,208,774	324,486	(202,814)	162,330,446
Furniture and equipment	6,670,731	848,702	(156,781)	7,362,652
Intangible right to use:				
Equipment	545,226	-	-	545,226
Software	-	360,596	-	360,596
Vehicles	<u>3,691,352</u>	<u>729,104</u>	<u>(774,897)</u>	<u>3,645,559</u>
Total capital assets, being depreciated/amortized	<u>176,776,193</u>	<u>2,262,888</u>	<u>(1,164,492)</u>	<u>177,874,589</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(2,001,699)	(171,330)	-	(2,173,029)
Buildings and improvements	(51,016,982)	(3,850,782)	201,813	(54,665,951)
Furniture and equipment	(4,340,423)	(498,478)	123,281	(4,715,620)
Intangible right to use:				
Equipment	(8,938)	(107,258)	-	(116,196)
Software	-	(31,740)	-	(31,740)
Vehicles	<u>(2,584,728)</u>	<u>(219,024)</u>	<u>767,398</u>	<u>(2,036,354)</u>
Total accumulated depreciation/amortization	<u>(59,952,770)</u>	<u>(4,878,612)</u>	<u>1,092,492</u>	<u>(63,738,890)</u>
Governmental activities capital assets, net	<u>\$ 120,296,069</u>	<u>\$ 171,339</u>	<u>\$ (269,949)</u>	<u>\$ 120,197,459</u>

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 8 - CAPITAL ASSETS – (Continued)**

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,725,158
Special	639,492
Vocational	198,064
Other	20,687
<u>Support services:</u>	
Pupil	421,170
Instructional staff	56,594
Board of Education	13,445
Administration	360,255
Fiscal	83,087
Operations and maintenance	526,310
Pupil transportation	201,811
Central	44,463
Operation of non-instructional services:	
Other non-instructional services	44,452
Food service operations	140,497
Extracurricular activities	403,127
Total depreciation/amortization expense	<u>\$ 4,878,612</u>

**NOTE 9 - RISK MANAGEMENT**

**A. Liability Insurance**

The District is exposed to various risks of loss related to torts; theft of damage to or destruction of assets; errors and omissions; employee injuries; and natural disaster. The District has a comprehensive property and casualty policy with a deductible of \$25,000 per incident and a property limit of \$325,126,736 under property insurance. The District general liability insurance policy limit is \$1,000,000 per occurrence and \$2,000,000 aggregate. Included under liability is coverage for: school leaders' errors and omissions with a limit of \$1,000,000 per occurrence and \$1,000,000 aggregate; sexual misconduct and molestation with a limit of \$1,000,000 per occurrence and \$1,000,000 aggregate; and law enforcement professional liability with a limit of \$1,000,000 per occurrence and \$1,000,000 aggregate. The District's vehicle liability insurance policy limit is \$1,000,000 with a \$2,000 deductible for comprehensive and collision coverage. All administrators and employees are covered under the District's liability policy and umbrella policy with limits of \$10,000,000 per occurrence and \$10,000,000 aggregate. The combined limits of the liability coverage are \$11,000,000 per occurrence and \$12,000,000 aggregate. The District has a policy for crime/fidelity (employee theft) with a limit of \$500,000. The District has a policy for active shooter with a limit of \$2,000,000 per insured event and \$2,000,000 aggregate. And the District has a policy for cyber risk including ransomware with a deductible of \$25,000 and limit of \$1,000,000 per occurrence and \$1,000,000 aggregate. The renewal date for all above policy is 7/1/2024. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has not been any significant reduction of coverage from the prior fiscal year.

**B. Fidelity Bonds**

The Board President and Superintendent have a \$20,000 position bond. The Treasurer is covered under a surety bond in the amount of \$20,000. All other school employees who are responsible for handling funds are covered under the District's general liability insurance.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 9 - RISK MANAGEMENT– (Continued)**

**C. Workers' Compensation**

For fiscal year 2023, the District participated in the Ohio Bureau of Workers' Compensation (OBWC) state fund. The workers' compensation rate for the District is based on claims incurred in the oldest four of the last five years prior to the calendar year. The District pays its workers' compensation premium to the State based on the OBWC rate for the District multiplied by the payroll for the calendar year. The firm of Paramount Preferred Solutions Inc. provides administrative, cost control and actuarial services to the District.

**D. Employee Health Benefits**

In July 2010, the District joined the Summit Regional Health Care Consortium (SRHCC) Health Benefits Program, a public entity risk pool, to provide employee hospitalization, dental, prescription drug and life (See Note 17 for detail). Premium rates are set or determined by the Board of Directors of the SRHCC. To the extent and in the manner permitted by any applicable agreements, policies, rules, regulations and laws, each member of the SRHCC may require contributions from its employees toward the cost of any benefit program being offered by the District and such contributions shall be included in the payments from the District to the fiscal agent of the SRHCC. The District pays a monthly premium to the SRHCC. Because the District is a member of the SRHCC and the SRHCC holds the reserves for Incurred But Not Reported (IBNR) claims, not the individual districts, IBNR information is not available on a district-by-district basis.

**NOTE 10 - OTHER EMPLOYEE BENEFITS**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to employees upon termination of employment. Teachers and administrators working fewer than ten months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 284 days for classified employees and 304 days for certified employees. For certified employees, payment is made at the time of termination for 40% of a certified employee's accumulated sick leave up to 200 days, a benefit of up to 80 days. For classified employees, payment is made at the time of termination for 40% of a classified employee's accumulated sick leave up to 200 days, a benefit of up to 80 days. Certified employees receive \$100 per year until they reach the 80 day cap if retiring after 15 years, for each year with the District. Classified employees receive 1 additional day of sick pay until they reach the 80 day cap if retiring after 15 years, for each year with the District. In addition, certified employees retiring in their first year of eligibility with the State Teachers Retirement System are eligible for an enhanced severance in lieu of the standard severance mentioned above. The enhanced severance is for 60% of a certified employee's accumulated sick leave up to 200 days, a benefit of up to 120 days.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

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

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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



**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

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

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,193,901 for fiscal year 2023. Of this amount, \$182,665 is reported as pension and postemployment benefits payable.

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

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

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

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$4,029,563 for fiscal year 2023. Of this amount, \$710,132 is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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 District's proportion of the net pension liability was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.218382200%	0.206908481%	
Proportion of the net pension liability current measurement date	<u>0.211027300%</u>	<u>0.204038190%</u>	
Change in proportionate share	<u>-0.007354900%</u>	<u>-0.002870291%</u>	
Proportionate share of the net pension liability	\$ 11,413,998	\$ 45,357,947	\$ 56,771,945
Pension expense	\$ 928,217	\$ 5,666,587	\$ 6,594,804

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 462,276	\$ 580,640	\$ 1,042,916
Net difference between projected and actual earnings on pension plan investments	-	1,578,357	1,578,357
Changes of assumptions	112,624	5,427,983	5,540,607
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	264,323	931,484	1,195,807
Contributions subsequent to the measurement date	<u>1,193,901</u>	<u>4,029,563</u>	<u>5,223,464</u>
Total deferred outflows of resources	<u>\$ 2,033,124</u>	<u>\$ 12,548,027</u>	<u>\$ 14,581,151</u>

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 74,930	\$ 173,509	\$ 248,439
Net difference between projected and actual earnings on pension plan investments	398,296	-	398,296
Changes of assumptions	-	4,085,711	4,085,711
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>268,293</u>	<u>618,870</u>	<u>887,163</u>
Total deferred inflows of resources	<u>\$ 741,519</u>	<u>\$ 4,878,090</u>	<u>\$ 5,619,609</u>

\$5,223,464 reported as deferred outflows of resources related to pension resulting from 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ 175,330	\$ 358,508	\$ 533,838
2025	(170,556)	(96,879)	(267,435)
2026	(568,972)	(1,221,289)	(1,790,261)
2027	<u>661,902</u>	<u>4,600,034</u>	<u>5,261,936</u>
Total	<u>\$ 97,704</u>	<u>\$ 3,640,374</u>	<u>\$ 3,738,078</u>

**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.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, 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% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
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	<u>100.00 %</u>	

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 16,800,860	\$ 11,413,998	\$ 6,875,640

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 68,519,345	\$ 45,357,947	\$ 25,770,575

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

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 11 for a description of the net OPEB liability (asset).

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

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

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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$156,505.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$156,505 for fiscal year 2023. Of this amount, \$156,505 is reported as pension and postemployment benefits payable.

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***OPEB Liabilities/Assets, 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/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.225239700%	0.206908481%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.216137100%</u>	<u>0.204038190%</u>	
Change in proportionate share	<u>-0.009102600%</u>	<u>-0.002870291%</u>	
Proportionate share of the net OPEB liability	\$ 3,034,587	\$ -	\$ 3,034,587
Proportionate share of the net OPEB asset	\$ -	\$ (5,283,227)	\$ (5,283,227)
OPEB expense	\$ (101,300)	\$ (913,442)	\$ (1,014,742)

At June 30, 2023, the 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>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 25,512	\$ 76,593	\$ 102,105
Net difference between projected and actual earnings on OPEB plan investments	15,773	91,970	107,743
Changes of assumptions	482,689	225,046	707,735
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	507,253	81,724	588,977
Contributions subsequent to the measurement date	<u>156,505</u>	<u>-</u>	<u>156,505</u>
Total deferred outflows of resources	<u>\$ 1,187,732</u>	<u>\$ 475,333</u>	<u>\$ 1,663,065</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	SERS	STRS	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 1,941,145	\$ 793,446	\$ 2,734,591
Changes of assumptions	1,245,719	3,746,325	4,992,044
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	266,746	-	266,746
Total deferred inflows of resources	\$ 3,453,610	\$ 4,539,771	\$ 7,993,381

\$156,505 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (504,325)	\$ (1,173,120)	\$ (1,677,445)
2025	(501,444)	(1,164,447)	(1,665,891)
2026	(454,490)	(559,909)	(1,014,399)
2027	(299,099)	(234,271)	(533,370)
2028	(228,559)	(307,983)	(536,542)
Thereafter	(434,466)	(624,708)	(1,059,174)
Total	\$ (2,422,383)	\$ (4,064,438)	\$ (6,486,821)

**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.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, 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% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position 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% at June 30, 2022 and 1.92% at June 30, 2021.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,769,003	\$ 3,034,587	\$ 2,441,714
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,340,211	\$ 3,034,587	\$ 3,941,555

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

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

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

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

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

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

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

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

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

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

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.



**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the 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%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase								
District's proportionate share of the net OPEB asset	\$ 4,884,205	\$ 5,283,227	\$ 5,625,025								
<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">1% Decrease</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">Current Trend Rate</th> <th style="width: 15%; text-align: center; border-bottom: 1px solid black;">1% Increase</th> </tr> </thead> <tbody> <tr> <td style="vertical-align: top;">District's proportionate share of the net OPEB asset</td> <td style="text-align: right; vertical-align: bottom;">\$ 5,479,992</td> <td style="text-align: right; vertical-align: bottom;">\$ 5,283,227</td> <td style="text-align: right; vertical-align: bottom;">\$ 5,034,861</td> </tr> </tbody> </table>					1% Decrease	Current Trend Rate	1% Increase	District's proportionate share of the net OPEB asset	\$ 5,479,992	\$ 5,283,227	\$ 5,034,861
	1% Decrease	Current Trend Rate	1% Increase								
District's proportionate share of the net OPEB asset	\$ 5,479,992	\$ 5,283,227	\$ 5,034,861								

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**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 13 - LONG-TERM OBLIGATIONS**

During fiscal year 2023, the following changes occurred in governmental activities long-term obligations.

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
<b>Governmental Activities:</b>					
<b>General Obligation Bonds:</b>					
<b>Library Improvement Refunding Bonds - 2016</b>					
Serial Bonds - 3.00-3.25%, 12/16 - 12/22	\$ 370,000	\$ -	\$ (370,000)	\$ -	\$ -
Premium	16,151	-	(16,151)	-	-
<b>School Improvement Refunding Bonds - 2017A</b>					
Serial Bonds - 1.75-4.00%, 9/17 - 12/26	1,150,000	-	(375,000)	775,000	-
Term Bonds - 3.00%, 12/27 - 12/37	5,270,000	-	-	5,270,000	-
Capital Appreciation bonds - 7.00%, 12/21 - 12/24	481,345	-	-	481,345	247,377
Accretion on Capital Appreciation bonds	185,539	47,506	-	233,045	119,770
Premium	262,039	-	(16,906)	245,133	-
<b>Taxable Build America Refunding Bonds - 2018</b>					
Serial Bonds - 2.0-4.00%, 12/18 - 12/33	8,715,000	-	(765,000)	7,950,000	800,000
Premium	518,364	-	(57,596)	460,768	-
<b>School Improvement Refunding Bonds - 2022B</b>					
Serial Bonds - 2.12-2.70%, 12/31 - 12/37	19,825,000	-	-	19,825,000	-
Capital Appreciation bonds 0.64%- 2.82, 12/22 - 12/32	442,206	-	(199,258)	242,948	99,482
Accretion on Capital Appreciation bonds	104,474	267,730	(120,742)	251,462	95,267
Premium	2,018,618	-	(129,537)	1,889,081	-
<b>School Improvement Bonds - 2021</b>					
Serial Bonds - 3.00-4.00%, 12/22 - 12/30	6,985,000	-	(1,160,000)	5,825,000	1,160,000
Term Bonds - 3.00-4.00%, 12/41 - 12/56	24,715,000	-	-	24,715,000	-
Premium	3,043,774	-	(88,439)	2,955,335	-
<b>School Improvement Bonds - 2022A</b>					
Serial Bonds - 3.00-4.00%, 12/31 - 12/41	9,300,000	-	-	9,300,000	-
Premium	668,351	-	(32,736)	635,615	-
<b>Tax Exempt Build America Refunding Bonds - 2014</b>					
Serial Bonds - 3.0-5.0%, 12/14 - 12/37	15,420,000	-	(1,025,000)	14,395,000	1,135,000
Premium	287,700	-	(23,975)	263,725	-
<b>Total General Obligation Bonds</b>	<b>99,778,561</b>	<b>315,236</b>	<b>(4,380,340)</b>	<b>95,713,457</b>	<b>3,656,896</b>
Note Payable - Finance Purchase	4,300,000	-	(1,040,000)	3,260,000	1,065,000
Lease Payable	545,226	-	(102,610)	442,616	105,731
SBITA Payable	-	23,379	(8,185)	15,194	7,408
Net Pension Liability	34,512,779	22,259,166	-	56,771,945	-
Net OPEB Liability	4,262,846	-	(1,228,259)	3,034,587	-
Compensated Absences					
Severance	6,507,590	590,099	(215,977)	6,881,712	347,254
Vacation	217,672	171,146	(217,672)	171,146	171,146
Total compensated absences	6,725,262	761,245	(433,649)	7,052,858	518,400
Total governmental activities long-term liabilities	<b>\$ 150,124,674</b>	<b>\$ 23,359,026</b>	<b>\$ (7,193,043)</b>	<b>\$ 166,290,657</b>	<b>\$ 5,353,435</b>

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

**Net Pension Liability**

See Note 11 for details. The District pays obligations related to employee compensation from the fund benefiting from their service.

**Net OPEB Liability**

See Note 12 for details. The District pays obligations related to employee compensation from the fund benefiting from their service.

**Compensated absences**

Compensated absences will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund.

**Series 2021 School Improvement Bonds**

On December 16, 2021, the District issued \$31,700,000 of Series 2021 school improvement bonds to finance the constructing, furnishing, equipping, adding to, renovating, remodeling, rehabilitating, and otherwise improving District buildings and facilities, and acquiring, clearing, equipping, and otherwise improving real estate for District purposes. This issue is comprised of both current interest serial bonds, par value \$6,985,000, and term bonds, par value \$24,715,000. The final stated maturity on the Series 2021 school improvement bonds is December 1, 2056. These bonds will be retired from the debt service fund.

The general obligation bonds were issued with a premium of \$3,087,993. The amortization for June 30, 2023 was \$88,439. Bond issuance costs associated with the issuance of these bonds totaled \$349,104.

**Series 2022A School Improvement Bonds**

On December 16, 2021, the District issued \$9,300,000 of Series 2022A school improvement bonds to finance the constructing, furnishing, equipping, adding to, renovating, remodeling, rehabilitating, and otherwise improving District buildings and facilities, and acquiring, clearing, equipping, and otherwise improving real estate for District purposes. This issue is comprised of current interest serial bonds, par value \$9,300,000. The final stated maturity on the Series 2021 school improvement bonds is December 1, 2041. These bonds will be retired from the debt service fund.

The general obligation bonds were issued with a premium of \$684,719. The amortization for June 30, 2023 was \$32,736. Bond issuance costs associated with the issuance of these bonds totaled \$113,496.

**Series 2022B School Improvement Refunding Bonds**

On January 9, 2022, the District issued \$20,267,206 of Series 2022B School Improvement Refunding bonds. The issue was comprised of both current serial bonds, par value \$19,825,000 and capital appreciation bonds, par value \$442,206. The proceeds of the bonds were used to refund \$10,875,000 of the District's outstanding Series 2018 Build America Refunding Bonds (BABs) and \$9,420,000 Series 2014 Tax Exempt Build America Refunding Bonds. The bonds were issued for a 16 year period with final maturity at December 1, 2038. These bonds will be retired from the debt service fund.

At the date of the refunding, \$22,197,297 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2023, \$20,295,000 of these bonds is considered defeased.

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

These refunding bonds were issued with a premium of \$2,083,387, which is reported as an increase to bonds payable. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method. The amortization for June 30, 2023 was \$129,537. Bond issuance costs associated with the issuance of these bonds totaled \$263,424. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$1,561,019. This difference reported in the accompanying financial statements as a difference to bonds payable is being amortized as interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2023 was \$92,277. This refunding was undertaken to reduce total debt service payments by \$1,843,565 and resulted in an economic gain of \$1,419,015.

**Series 2017A General Obligation Refunding Bonds**

On September 5, 2017, the District issued General Obligation Refunding Bonds (Series 2017A refunding bonds). These bonds refunded \$1,000,000 of the Series 2007 issue current interest bonds and \$8,175,000 of the Series 2009 issue current interest bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

The original issue was comprised of both current interest bonds, par value \$8,610,000, and capital appreciation bonds, par value \$561,127. The interest rates on the current interest bonds range from 1.75% - 4.0%. The capital appreciation bonds mature on December 1, 2021, December 1, 2023 and December 1, 2024 (stated interest rate 7.00) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$100,000, \$380,000 and \$385,000. Payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2037.

At the date of the refunding, \$9,363,281 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2023, \$6,650,000 of these bonds is considered defeased.

These refunding bonds were issued with a premium of \$343,751, which is reported as an increase to bonds payable. The amounts are being amortized as interest expenses over the life of the bonds using the straight-line method. The amortization for June 30, 2022 was \$16,906. Bond issuance costs associated with the issuance of these bonds totaled \$151,597. The refunding resulted in the reacquisition price exceeded the net carrying amount of the old debt by \$7,618. This difference reported in the accompanying financial statements as a difference to bonds payable is being amortized as interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2022 was \$4,730. This advance refunding was undertaken to reduce the combined total debt service payments by \$2,138,378 and resulted in an economic gain of \$1,622,510.

**Series 2016 Library Improvement Refunding Bonds**

On July 20, 2016, the District issued \$2,435,000 of Series 2016 Library Improvement Refunding bonds. The proceeds of the bonds were used to refund \$2,460,000 of the District's outstanding Series 2001 Library Improvement Refunding General Obligation Bonds. The bonds were issued for a 7 year period with final maturity at December 1, 2022. These bonds were retired from the debt service fund.

See Note 16 for more information on the Library and its relationship to the District.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

**Series 2016 School Improvement Refunding Bonds**

On April 4, 2016, the District issued \$7,735,000 of Series 2016 School Improvement Refunding bonds. The proceeds of the bonds were used to refund \$7,770,000 of the District’s outstanding Series 2006 School Improvement Refunding General Obligation Bonds. The bonds were issued for a 7 year period with final maturity at December 1, 2022. These bonds were retired from the debt service fund.

**Series 2014 Tax Exempt Build America Refunding Bonds**

On July 2, 2014, the District issued \$25,930,000 of Series 2014 Tax Exempt Build America Refunding bonds. The proceeds of the bonds were used to refund \$25,950,000 of the District’s outstanding Series 2010B Build America bonds. The bonds were issued for a 24 year period with final maturity at December 1, 2037. The bond issue consists of serial bonds. These bonds will be retired from the debt service fund.

During fiscal year 2022, the District issued School Improvement Refunding Bonds (Series 2022B refunding bonds) to refund outstanding serial bonds in the amount of \$9,420,000. At June 30, 2023, the District had \$14,395,000 in remaining serial bonds that will mature December 1, 2033 from the debt service fund.

**Series 2018 Build America Refunding Bonds (BABs)**

On September 11, 2018, the District issued \$21,310,000 in BABs with an average interest rate of 4.00% and a maturity of 19 years. The proceeds of the bonds were used to refund \$21,540,000 of the District’s outstanding Series 2009 BABs. This issue is comprised of both current interest serial bonds, par value \$14,535,000, and term bonds, par value \$6,775,000. The final stated maturity on the 2018 BABs is December 1, 2037 and they will be retired from the debt service fund.

During fiscal year 2022, the District issued School Improvement Refunding Bonds (Series 2022B refunding bonds) to refund outstanding serial bonds in the amount of \$4,100,000 and term bonds in the amount of \$6,775,000. At June 30, 2023, the District had \$7,950,000 in remaining serial bonds that will mature December 1, 2030 from the debt service fund.

**Future Debt Service Requirements**

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

Fiscal Year Ending June 30	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 3,095,000	\$ 2,727,268	\$ 5,822,268	\$ 346,859	\$ 303,141	\$ 650,000
2025	2,340,000	2,583,624	4,923,624	292,831	362,169	655,000
2026	3,155,000	2,451,536	5,606,536	35,475	239,525	275,000
2027	3,365,000	2,324,270	5,689,270	20,609	249,391	270,000
2028	3,580,000	2,185,829	5,765,829	12,193	257,807	270,000
2029 -2033	20,240,000	8,856,381	29,096,381	16,326	1,248,674	1,265,000
2034 - 2038	24,425,000	6,834,171	31,259,171	-	-	-
2039 - 2043	5,250,000	4,736,750	9,986,750	-	-	-
2044 - 2048	6,745,000	3,803,750	10,548,750	-	-	-
2049 - 2053	8,120,000	2,385,400	10,505,400	-	-	-
2054 - 2057	7,740,000	634,201	8,374,201	-	-	-
<b>Total</b>	<b>\$ 88,055,000</b>	<b>\$ 39,523,180</b>	<b>\$ 127,578,180</b>	<b>\$ 724,293</b>	<b>\$ 2,660,707</b>	<b>\$ 3,385,000</b>

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

**Leases Payable**

The District has entered into lease agreements for the use of right to use equipment. The District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the permanent improvement nonmajor capital improvements fund.

The District has entered into lease agreements for copier equipment at varying years and terms as follows:

<u>Description</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copier Equipment	2019	5	2022	Monthly
Copier Equipment	2022	5	2027	Monthly

The following is a schedule of future lease payments under the lease agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 105,731	\$ 11,833	\$ 117,564
2025	108,947	8,617	117,564
2026	112,261	5,303	117,564
2027	<u>115,677</u>	<u>1,888</u>	<u>117,565</u>
Total	<u>\$ 442,616</u>	<u>\$ 27,641</u>	<u>\$ 470,257</u>

**Note Payable – Finance Purchase**

During fiscal year 2010, the District entered into a note payable-finance agreement for the construction, furnishing and equipping two new elementary school buildings. The District is leasing the project site from Ohio School Building Leasing Corporation. Ohio School Building Leasing Corporation assigned Huntington National Bank as trustee, transferring rights, title and interest in the project to the trustee. The District is acting as an agent for the lessor and is renovating the facilities from the proceeds provided by the lessor. As part of the agreement, Huntington National Bank deposited \$15,000,000 with a fiscal agent for the renovation project. Huntington National Bank has sold Certificates of Participation in the building lease. The District will make annual payments to Huntington National Bank. The interest rate is 2.10%. The lease is renewable annually and expires in 2026. The intention of the District is to renew the lease annually.

The following is a schedule of future lease payments under the lease agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,065,000	\$ 57,277	\$ 1,122,277
2025	1,085,000	34,703	1,119,703
2026	<u>1,110,000</u>	<u>11,655</u>	<u>1,121,655</u>
Total	<u>\$ 3,260,000</u>	<u>\$ 103,635</u>	<u>\$ 3,363,635</u>

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)**

**Subscription-Based Information Technology Arrangements (SBITA) Liability**

The District entered into a SBITA transaction during fiscal year 2023. The future SBITA payments were discounted based on the interest rate implicit in the agreement. The discount is being amortized using the interest method over the life of the subscription.

The District pays the SBITA obligation from the General Fund. Principal and interest requirements to retire the District's outstanding SBITA liability at June 30, 2023, are as follows:

Fiscal Year Ended	SBITA Payable		
	Principal	Interest	Total
2024	\$ 7,408	\$ 777	\$ 8,185
2025	<u>7,786</u>	<u>398</u>	<u>8,184</u>
Total	<u>\$ 15,194</u>	<u>\$ 1,175</u>	<u>\$ 16,369</u>

**NOTE 14 - INTERFUND TRANSACTIONS**

A. Interfund loans receivable/payable consisted of the following at June 30, 2023, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental fund	<u>\$ 329,715</u>

The purpose of the other interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2023 are reported on the statement of net position.

B. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported in the fund financial statements:

Transfers to nonmajor governmental funds from:

General fund	\$ 48,272
Debt service fund	<u>677,812</u>
Total	<u>\$ 726,084</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 15 - JOINTLY GOVERNED ORGANIZATION**

*Four Cities Educational Compact*

The Four Cities Educational Compact is a jointly governed organization among four boards of education. The compact was formed to provide a full range of career technical education opportunities for the students. Students from any of the four districts may participate in programs at all four districts. Operating costs are apportioned based on student placement. Wadsworth City School District is the fiscal agent for the Compact and has accounted for the financial activity of the other District's activity in a custodial fund and its own activity in the general fund. The District also has received a federal grant on behalf of the Compact, which has been included on the Federal Awards Receipts and Expenditures Schedule. The Administrative Board of the Compact is comprised of the superintendent from each district. Each superintendent serves a one year term as chairman on a rotating basis.

**NOTE 16 - RELATED ORGANIZATION**

The Ella M. Everhard Public Library (the "Library") is a related organization to the District. The school board members are responsible for appointing all the trustees of the Library; however, the school board cannot influence the Library's operation, nor does the Library represent a potential financial benefit or burden to the District. The District serves in a ministerial capacity as the tax authority for the Library. Once the Library determines to present a levy to the voters, including the determination to the rate and duration, the District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the District during fiscal year 2021. In 2000 the school board did place a levy on the ballot for the library. The purpose of this levy was to repay library renovation and expansion bonds. The total amount of bonds issued was \$5,599,995. The library bonds were refunded in 2016. The electors of the District approved the levy. See Note 13 for additional disclosures regarding the bond issue.

**NOTE 17 - PUBLIC ENTITY RISK POOLS**

*Summit Regional Health Care Consortium*

In July 2010, the District joined together with Barberton City School District, Copley-Fairlawn City School District, Norton City School District, Revere Local School District, and Cuyahoga Falls City School District to establish a regional council of governments, organized under Chapter 167 of the Ohio Revised Code, known as the Summit Regional Health Care Consortium (SRHCC) for the purpose of promoting cooperative agreements and activities among its members in purchasing supplies and services and dealing with problems of mutual concern. The members of the SRHCC have undertaken a Health Benefits Program on a cooperative basis for the provision of certain medical, hospitalization, dental, prescription drug, vision, life, and disability income benefits for their employees and the eligible dependents of those employees, and any other health care benefits which the members may determine. As part of this agreement, each member is required to share in the program costs by making monthly payments to cover the program costs. The Treasurer of the fiscal agent (Copley-Fairlawn City School District) serves as the Treasurer of the SRHCC and is responsible for coordinating and administering the Health Benefits Program. Doug Beeman, Treasurer of the Wadsworth City Schools serves as the Chair of the SRHCC.

The Health Benefits Program is governed by the Board of Directors of the SRHCC (Board), which consists of one designee by each member school district, and the representative of the fiscal agent or designee. The fiscal agent Treasurer and program consultant shall serve as non-voting members. The SRHCC representatives and the fiscal agent treasurer's representative shall serve a two-year term of office. The officers consist of a Chairperson and Vice-Chairperson who are elected for one year terms by the Board. The fiscal agent Treasurer shall be a permanent member of the Board and shall serve as the Recording Secretary.

In the event of withdrawal, members are entitled to recover its contributions to the SRHCC, if any, along with the proportionate share of interest earned on these contributions which are not encumbered for payment of its share of program costs. Claims submitted by covered persons of a withdrawing member after the recovery of funds will be exclusively the liability of the withdrawing member. Financial information for the SRHCC can be obtained from John Wheadon, Treasurer of the Copley-Fairlawn City School District at 3797 Ridgewood Road, Copley, Ohio 44321-1665.



**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 17 - PUBLIC ENTITY RISK POOLS - (Continued)**

***Ohio Bureau of Workers' Compensation***

The District participates in the Ohio Bureau of Workers' Compensation (OBWC) state fund. The workers' compensation rate for the District is based on claims incurred in the oldest four of the last five years prior to the calendar year. The District pays its workers' compensation premium to the State based on the OBWC rate for the District multiplied by the payroll for the calendar year. The firm of Minute Men HR, provides administrative, cost control and actuarial services to the District.

**NOTE 18 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not currently a party to any legal proceedings which would have a material impact on the financial statements.

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, all adjustments have been finalized.

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 19 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

<b>Net Change in Fund Balance</b>	
	<u>General fund</u>
Budget basis	\$ 2,321,018
Net adjustment for revenue accruals	1,048,242
Net adjustment for expenditure accruals	(30,237)
Net adjustment for other sources/uses	(1,990,728)
Funds budgeted elsewhere	(214,096)
Adjustment for encumbrances	<u>1,311,379</u>
GAAP basis	<u>\$ 2,445,578</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the uniform school supplies fund, the rotary fund, the adult education fund, the insurance fund and the District’s share of the Four Cities Educational Compact.

**NOTE 20 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 20 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2022	\$ -
Current year set-aside requirement	949,083
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(1,797,200)
Excess qualified expenditures from prior years	-
Current year offsets	-
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (848,117)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside balance June 30, 2023	<u>\$ -</u>

**NOTE 21 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,194,782
Building fund	3,972,530
Other governmental	<u>400,560</u>
Total	<u>\$ 5,567,872</u>

**NOTE 22 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The City of Wadsworth entered into tax abatement agreements with various local business to abatement property taxes in an effort to bring jobs and economic development into the City. The agreements affected the property tax receipts collected and distributed to the District. Under the agreements, the District property taxes were reduced by \$377,594 during fiscal year 2023.

**WADSWORTH CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**NOTE 23 - CONTRACTUAL COMMITMENTS**

As of June 30, 2023, the District had the following contractual commitments outstanding related to school improvement projects. A summary of the primary contractual commitments follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid Through June 30, 2023</u>	<u>Remaining Contract Amount</u>
Hammond	\$ 135,448	\$ 91,755	\$ 43,693
Mr. Excavator	562,924	385,572	177,352
Total	<u>\$ 698,372</u>	<u>\$ 477,327</u>	<u>\$ 221,045</u>

**NOTE 24 - COVID-19**

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

**NOTE 25 – SUBSEQUENT EVENTS**

On November 30, 2023, the District issued \$8,660,000 in certificates of participation (COPs) for the purpose of constructing, enlarging, furnishing, and equipping of school facilities, generally consisting of a new intermediate school.

REQUIRED SUPPLEMENTARY INFORMATION

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.211027300%	0.218382200%	0.199979900%	0.197614400%
District's proportionate share of the net pension liability	\$ 11,413,998	\$ 8,057,670	\$ 13,227,092	\$ 11,823,616
District's covered payroll	\$ 7,960,643	\$ 7,710,300	\$ 7,002,557	\$ 7,081,259
District's proportionate share of the net pension liability as a percentage of its covered payroll	143.38%	104.51%	188.89%	166.97%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

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>
0.189641900%	0.187006600%	0.183124000%	0.183382300%	0.183676000%	0.183676000%
\$ 10,861,143	\$ 11,173,231	\$ 13,402,987	\$ 10,463,972	\$ 9,295,738	\$ 10,922,622
\$ 6,361,889	\$ 6,227,543	\$ 5,793,629	\$ 5,520,766	\$ 5,337,258	\$ 5,914,379
170.72%	179.42%	231.34%	189.54%	174.17%	184.68%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	2023	2022	2021	2020
District's proportion of the net pension liability	0.204038190%	0.206908481%	0.201479450%	0.197750800%
District's proportionate share of the net pension liability	\$ 45,357,947	\$ 26,455,109	\$ 48,750,858	\$ 43,731,401
District's covered payroll	\$ 26,357,421	\$ 26,226,486	\$ 20,886,643	\$ 23,301,257
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.09%	100.87%	233.41%	187.68%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.192275890%	0.188218880%	0.186941220%	0.184437530%	0.180187940%	0.180187940%
\$ 42,277,151	\$ 44,711,798	\$ 62,574,861	\$ 50,973,139	\$ 43,827,943	\$ 52,207,559
\$ 22,190,729	\$ 20,759,836	\$ 20,069,436	\$ 19,564,650	\$ 18,410,231	\$ 20,615,746
190.52%	215.38%	311.79%	260.54%	238.06%	253.24%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,193,901	\$ 1,114,490	\$ 1,079,442	\$ 980,358
Contributions in relation to the contractually required contribution	<u>(1,193,901)</u>	<u>(1,114,490)</u>	<u>(1,079,442)</u>	<u>(980,358)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,527,864	\$ 7,960,643	\$ 7,710,300	\$ 7,002,557
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

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>
\$ 955,970	\$ 858,855	\$ 871,856	\$ 811,108	\$ 727,637	\$ 739,744
<u>(955,970)</u>	<u>(858,855)</u>	<u>(871,856)</u>	<u>(811,108)</u>	<u>(727,637)</u>	<u>(739,744)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,081,259	\$ 6,361,889	\$ 6,227,543	\$ 5,793,629	\$ 5,520,766	\$ 5,337,258
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 4,029,563	\$ 3,690,039	\$ 3,671,708	\$ 2,924,130
Contributions in relation to the contractually required contribution	<u>(4,029,563)</u>	<u>(3,690,039)</u>	<u>(3,671,708)</u>	<u>(2,924,130)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 28,782,593	\$ 26,357,421	\$ 26,226,486	\$ 20,886,643
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

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>
\$ 3,262,176	\$ 3,106,702	\$ 2,906,377	\$ 2,809,721	\$ 2,739,051	\$ 2,393,330
<u>(3,262,176)</u>	<u>(3,106,702)</u>	<u>(2,906,377)</u>	<u>(2,809,721)</u>	<u>(2,739,051)</u>	<u>(2,393,330)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,301,257	\$ 22,190,729	\$ 20,759,836	\$ 20,069,436	\$ 19,564,650	\$ 18,410,231
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.216137100%	0.225239700%	0.208183200%	0.202675200%
District's proportionate share of the net OPEB liability	\$ 3,034,587	\$ 4,262,846	\$ 4,524,502	\$ 5,096,855
District's covered payroll	\$ 7,960,643	\$ 7,710,300	\$ 7,002,557	\$ 7,081,259
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.12%	55.29%	64.61%	71.98%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.192603800%	0.189889300%	0.185550770%
\$ 5,343,350	\$ 5,096,130	\$ 5,288,883
\$ 6,361,889	\$ 6,227,543	\$ 5,793,629
83.99%	81.83%	91.29%
13.57%	12.46%	11.49%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ASSET  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/asset	0.204038190%	0.206908481%	0.201479450%	0.197750800%
District's proportionate share of the net OPEB liability/(asset)	\$ (5,283,227)	\$ (4,362,496)	\$ (3,541,000)	\$ (3,275,227)
District's covered payroll	\$ 26,357,421	\$ 26,226,486	\$ 20,886,643	\$ 23,301,257
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	20.04%	16.63%	16.95%	14.06%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2019</u>	<u>2018</u>	<u>2017</u>
0.192275890%	0.188218880%	0.186941220%
\$ (3,089,677)	\$ 7,343,606	\$ 9,997,665
\$ 22,190,729	\$ 20,759,836	\$ 20,069,436
13.92%	35.37%	49.82%
176.00%	47.10%	37.33%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 156,505	\$ 142,990	\$ 126,856	\$ 136,884
Contributions in relation to the contractually required contribution	<u>(156,505)</u>	<u>(142,990)</u>	<u>(126,856)</u>	<u>(136,884)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,527,864	\$ 7,960,643	\$ 7,710,300	\$ 7,002,557
Contributions as a percentage of covered payroll	1.84%	1.80%	1.65%	1.95%

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>
\$ 159,859	\$ 136,804	\$ 104,053	\$ 93,781	\$ 138,672	\$ 99,540
<u>(159,859)</u>	<u>(136,804)</u>	<u>(104,053)</u>	<u>(93,781)</u>	<u>(138,672)</u>	<u>(99,540)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,081,259	\$ 6,361,889	\$ 6,227,543	\$ 5,793,629	\$ 5,520,766	\$ 5,337,258
2.26%	2.15%	1.67%	1.62%	2.51%	1.87%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 28,782,593	\$ 26,357,421	\$ 26,226,486	\$ 20,886,643
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 189,076
-	-	-	-	-	(189,076)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,301,257	\$ 22,190,729	\$ 20,759,836	\$ 20,069,436	\$ 19,564,650	\$ 18,410,231
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
  
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)*

*Changes in assumptions:*

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)



**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)*

*Changes in assumptions (continued):*

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Total Federal Receipts	Total Federal Expenditures
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through the Ohio Facilities Construction Commission</i>			
Coronavirus State and Local Fiscal Recovery Funds	21.027	\$70,000	
		163,659	\$126,318
Total Coronavirus State and Local Fiscal Recovery Funds		233,659	126,318
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Special Education Cluster</u>			
Special Education - Grants to States	84.027	141,911	36,481
		844,823	1,019,563
COVID-19 Special Education - Grants to States	84.027X	186,256	33,547
Total Special Education - Grants to States		1,172,990	1,089,591
Special Education - Preschool Grants	84.173	25,042	
		26,345	26,345
COVID-19 Special Education - Preschool Grants	84.173X	15,887	
Total Special Education - Preschool Grants		67,274	26,345
Total Special Education Cluster		1,240,264	1,115,936
Title I Grants to Local Educational Agencies	84.010	60,231	33,504
		263,383	305,715
		18,639	18,639
Total Title I Grants to Local Educational Agencies		342,253	357,858
Supporting Effective Instruction State Grant	84.367	7,246	
		78,356	92,226
Total Supporting Effective Instruction State Grant		85,602	92,226
Student Support and Academic Enrichment	84.424	40,323	39,683
			12,185
Total Student Support and Academic Enrichment		40,323	51,868
Career and Technical Education - Basic Grants to States	84.048	55,651	20,369
		159,772	168,585
Total Career and Technical Education - Basic Grants to States		215,423	188,954
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	1,117,994	55,909
	84.425U	869,816	886,422
		439,842	469,054
	84.425W	11,607	2,829
			2,000
Total Elementary and Secondary School Emergency Relief Fund (ESSER)		2,439,259	1,416,214
<b>Total U.S. Department of Education</b>		<b>4,363,124</b>	<b>3,223,056</b>
<b>U.S. FEDERAL COMMUNICATIONS COMMISSION</b>			
<i>Direct Program</i>			
Emergency Connectivity Fund	32.009	345,600	
<b>Total U.S. Federal Communications Commission</b>		<b>345,600</b>	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	637,292	456,677
COVID-19 National School Lunch Program		119,515	
COVID-19 Lunch Food Service Supply Chain			72,878
Non-Cash Assistance		92,992	92,992
Total National School Lunch Program		849,799	622,547
School Breakfast Program	10.553	83,968	83,968
Total Child Nutrition Cluster		933,767	706,515
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	3,135	3,135
<b>Total U.S. Department of Agriculture</b>		<b>936,902</b>	<b>709,650</b>
<b>Totals</b>		<b>5,879,285</b>	<b>4,059,024</b>

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wadsworth City 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**

Revenues and 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 entitlement 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**

Wadsworth City School District  
Medina County  
524 Broad Street  
Wadsworth, Ohio 44281

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Wadsworth City School District, Medina 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 and have issued our report thereon dated March 1, 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.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 1, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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

Wadsworth City School District  
Medina County  
524 Broad Street  
Wadsworth, Ohio 44281

To the Board of Education:

### Report on Compliance for Each Major Federal Program

#### *Qualified and Unmodified Opinions*

We have audited Wadsworth City School District's, Medina County, Ohio, (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 each of Wadsworth City School District's major federal programs for the year ended June 30, 2023. Wadsworth City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

#### *Qualified Opinion on the Child Nutrition Cluster*

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Wadsworth City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the year ended June 30, 2023.

#### *Unmodified Opinion on the Other Major Federal Program*

In our opinion, Wadsworth City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

***Basis for Qualified and Unmodified Opinions***

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

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

***Matter Giving Rise to Qualified Opinion on the Child Nutrition Cluster***

As described in finding 2023-001 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Reporting applicable to its Child Nutrition Cluster major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

***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 each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.



- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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.

#### **Other Matters**

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

#### **Report on Internal Control Over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001, to be a material weakness.

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.

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

Wadsworth City School District  
Medina County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance  
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The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 1, 2024

**WADSWORTH CITY SCHOOL DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
2 CFR § 200.515  
JUNE 30, 2023**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified <ul style="list-style-type: none"> <li>• Child Nutrition Cluster</li> </ul> Unmodified <ul style="list-style-type: none"> <li>• COVID-19 - Education Stabilization Fund</li> </ul>
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	<ul style="list-style-type: none"> <li>• COVID-19 - Education Stabilization Fund, AL 84.425D and AL 84.425U</li> <li>• Child Nutrition Cluster</li> </ul>
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number:</b>	<b>2023-001</b>
<b>AL Number and Title:</b>	<b>Child Nutrition Cluster</b>
<b>Federal Award Identification Number / Year:</b>	<b>2023</b>
<b>Federal Agency:</b>	<b>U.S. Department of Agriculture</b>
<b>Compliance Requirement:</b>	<b>Reporting</b>
<b>Pass-Through Entity:</b>	<b>Ohio Department of Education</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

**Questioned Cost, Material Weakness, and Noncompliance**

**7 C.F.R. § 210.7** indicates to receive reimbursement for the National School Lunch Program (NSLP) each school food authority must submit to the state administering the Federal funds an accurate count of free, reduced, and full paid lunches and have a system in place at the point of sale to accurately capture this data. Each state is responsibility for developing a reimbursement rate for each type of meal (free, reduced, or full-priced), up to the maximum amount established by the Secretary of Agriculture. In Ohio, the Ohio Department of Education (ODE) requires districts to use the Claims Reporting and Reimbursement System (CRRS) to report meal data for reimbursement. The District uses a point-of-sale system that generates CN-7 and CN-6 reports, which is used to compile the monthly reimbursement request submitted to ODE.

**7 C.F.R. § 220.11** indicates to receive reimbursement for the School Breakfast Program, each school food authority must submit to the state administering the Federal funds an accurate count of free, reduced, and full paid breakfasts served. If a single state agency administers any combination of the Child Nutrition programs, the school food authority shall be able to use a common claim form with respect to claims for reimbursement for meals served under those programs.

Lack of internal controls and understanding of reporting requirements resulted in the following reporting errors which occurred between August 2022 and May 2023:

- The District overstated their reported free lunches by 11,009 and under-reported reduced and paid lunches by the 944 and 10,065, respectively. These errors resulted in a total over-reimbursement and questioned cost of \$36,209.
- The District overstated their reported free breakfasts by 1,840 and under-reported reduced and paid breakfasts by 196 and 1,644, respectively. These errors resulted in a total over-reimbursement and questioned cost of \$3,401.

Failure to report the correct number of paid, reduced, and free meals served to ODE could lead to the District receiving greater reimbursements than they are entitled and additional questioned costs.

The District should ensure the number of paid, reduced and free meals reported to ODE through CRRS agrees to the month end point-of-sale system CN-7 and CN-6 reports. The reason for any variances between the computer-generated CN-7 and CN-6 reports and the CRRS site claim forms should be documented in writing.

**Officials' Response:** See Corrective Action Plan



## Treasurer's Office

524 Broad Street  
Wadsworth Ohio 44281

Phone: 330-336-3571  
Fax: 330-336-6811

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### CORRECTIVE ACTION PLAN

#### 2 CFR § 200.515

**Finding Number:** 2023-001

**Planned Corrective Action:**

In previous school years the Wadsworth City School District allowed a student to charge up to \$10.00 before an alternative lunch was provided. At that time the Point of Sale (POS) system only allowed student accounts to go up to a negative \$10.00. Recently the district changed this policy (due to donations from community members) to allow students to charge beyond the \$10.00. However, instead of changing the \$10.00 limit in POS a courtesy lunch option was created. This allowed the cashier to charge a courtesy lunch to the student. Later in the day the Food Service Supervisor would override the \$10.00 limit and post all courtesy lunch charges to the student's account.

During the 2022-23 school year the Food Service Director was under the understanding that charged lunches could be reimbursed at the free lunch reimbursement rate. Therefore, the Food Service director was allocating all the courtesy lunches to free and the district was receiving the full reimbursement rate.

**Correction:**

- 1) The district is aware that courtesy lunches are not eligible for free lunch rate reimbursement and the Food Service Supervisor is no longer reporting lunches in this manner beginning with the 2023-24 school year.
- 2) The courtesy button has been removed from the electronic cash register and the POS system now allows students to go beyond \$10.00 for charging purposes. This eliminates the manual process that was being done each day and eliminates the possibility that paid or reduced lunch students are reported as free lunch students.

**Anticipated Completion Date:**

- 1) The change for reporting courtesy lunches as free lunches occurred at the start of the 2023-24 school year.



**Treasurer's Office**

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- 2) The change removing the courtesy lunch button from the cash register and allowing students to charge more than \$10.00 occurred on February 23, 2024**

**Responsible Contact Person: Douglas D. Beeman, Treasurer**

**Kelly Gnap, Food Service Director**

# OHIO AUDITOR OF STATE KEITH FABER



**WADSWORTH CITY SCHOOL DISTRICT**

**MEDINA 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 3/26/2024**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)