WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Julian & Grube
Serving Ohio Local Governments

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
Warrensville Heights City School District
4743 Richmond Rd
Warrensville Heights, OH 44128

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 12, 2024

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WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

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Independent Auditor's Report

Warrensville Heights City School District
Cuyahoga County
4743 Richmond Road
Warrensville Heights, Ohio 44128

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrensville Heights City School District, Cuyahoga County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Warrensville Heights City School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrensville Heights City School District, as of June 30, 2023, and the respective changes in financial position, thereof and the respective budgetary comparison for the General Fund and the Elementary and Secondary School Emergency Relief Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Warrensville Heights City School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 generally accepted auditing standards 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 Warrensville Heights City School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Warrensville Heights City School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions, listed in the table of contents 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 Warrensville Heights City School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024 on our consideration of the Warrensville Heights City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Warrensville Heights City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Warrensville Heights City School District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
January 30, 2024

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position increased in fiscal year 2023 primarily due to increases in capital assets and changes in the net pension and net OPEB liabilities (asset) and the deferred outflows and deferred inflows of resources associated with these liabilities offset by less cash and cash equivalents and intergovernmental receivables. Capital assets increased from the ongoing construction. Cash and cash equivalents decreased due to available balances going to ongoing construction. Intergovernmental receivables decreased from the School District realizing a larger portion of the State share of the OFCC award.

- During fiscal year 2023, the School District's capital asset additions included ongoing construction in progress in relation to the middle and high school facility, building improvements, various pieces of equipment and new vehicles.

- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Using this Annual Financial Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Warrensville Heights City School District, the general fund, the elementary and secondary school emergency relief (ESSER) special revenue fund, the building capital projects fund and the classroom facilities capital projects fund are considered to be major funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question "How did we perform financially during fiscal year 2023?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include *all assets, deferred outflows of resources, liabilities* and *deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting used by most private sector companies. Accrual accounting takes into account all of the current year's revenue and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many financial or non-financial factors. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, all of the School District's activities are classified as governmental. The School District's programs and services reported here include instruction, support services, operation of non-instructional services, extracurricular activities and interest.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins with the discussion of the balance sheet**.** Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus upon the School District's most significant funds. The School District's major governmental funds are the general fund, ESSER special revenue fund, the building capital projects fund and the classroom facilities capital projects fund.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for the current fiscal year compared to the prior fiscal year:

(Table 1)
Net Position
Governmental Activities

	2023	Restated 2022	Change
Assets			
Current and Other Assets	$122,535,471	$151,933,367	($29,397,896)
Net OPEB Asset	2,748,437	2,189,760	558,677
Capital Assets	118,315,669	86,101,276	32,214,393
Total Assets	243,599,577	240,224,403	3,375,174
Deferred Outflows of Resources			
Deferred Charges on Refunding	4,749,228	4,932,286	(183,058)
Pension	8,609,331	8,157,547	451,784
OPEB	869,185	869,713	(528)
Total Deferred Outflows of Resources	14,227,744	13,959,546	268,198
Liabilities			
Current Liabilities	9,528,861	10,816,765	1,287,904
Long-Term Liabilities:			
Due Within One Year	4,180,319	4,099,720	(80,599)
Due in More Than One Year:			
Net Pension Liability	32,046,260	18,774,303	(13,271,957)
Net OPEB Liability	2,101,575	2,681,395	579,820
Other Amounts	107,827,330	111,663,298	3,835,968
Total Liabilities	155,684,345	148,035,481	(7,648,864)
Deferred Inflows of Resources			
Property Taxes	24,756,895	19,312,031	(5,444,864)
Payments in Lieu of Taxes	3,532,262	3,677,878	145,616
Leases	225,000	285,000	60,000
Pension	2,696,272	14,941,930	12,245,658
OPEB	5,217,140	4,969,459	(247,681)
Total Deferred Inflows of Resources	36,427,569	43,186,298	6,758,729
Net Position			
Net Investment in Capital Assets	32,988,340	29,041,950	3,946,390
Restricted for:			
Capital Projects	4,143,864	6,221,911	(2,078,047)
Debt Service	3,159,436	3,792,286	(632,850)
OPEB Plans	594,208	93,186	501,022
Other Purposes	2,012,684	1,738,163	274,521
Unrestricted	22,816,875	22,074,674	742,201
Total Net Position	$65,715,407	$62,962,170	$2,753,237

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $65,715,407 in fiscal year 2023 and $62,962,170 in fiscal year 2022.

A large portion of the School District's net position reflects "Net Investment in Capital Assets" (i.e. land, construction in progress, buildings, improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were increases to capital assets and from changes to the net pension/OPEB changes noted above offset by decreases in cash and cash equivalents and intergovernmental receivables. Capital assets increased from construction specific to the middle and high school facility. Cash and cash equivalents decreased in fiscal year 2023 due to available cash balances going to ongoing construction. Intergovernmental receivables decreased from fiscal year 2023 mainly due to the School District drawing on a larger portion of the State share of the OFCC award.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2023 and 2022.

(Table 2)
Changes in Net Position
Governmental Activities

	2023	2022	Change
Program Revenues			
Charges for Services	$1,279,611	$808,306	$471,305
Operating Grants	11,169,768	13,385,396	(2,215,628)
Capital Grants	58,663	532,650	(473,987)
Total Program Revenues	12,508,042	14,726,352	(2,218,310)
General Revenues			
Property Taxes	21,910,753	33,806,379	(11,895,626)
Grants and Entitlements	10,776,780	8,554,886	2,221,894
Unrestricted Contributions	44,994	3,500	41,494
Investment Earnings/Interest	1,026,000	(2,551,630)	3,577,630
Payment in Lieu of Taxes	3,532,262	3,677,878	(145,616)
Miscellaneous	459,002	577,858	(118,856)
Total General Revenues	37,749,791	44,068,871	(6,319,080)
Total Revenues	50,257,833	58,795,223	(8,537,390)
Program Expenses			
Instruction	24,107,154	22,881,845	(1,225,309)
Support Services			
Pupil	2,134,104	1,657,589	(476,515)
Instructional Staff	759,608	962,177	202,569
Board of Education	64,981	49,062	(15,919)
Administration	5,479,713	3,884,292	(1,595,421)
Fiscal	1,150,776	1,092,775	(58,001)
Business	598,838	547,412	(51,426)
Operation and Maintenance of Plant	4,983,522	3,983,177	(1,000,345)
Pupil Transportation	1,754,638	1,768,311	13,673
Central	501,543	419,002	(82,541)
Operation of Non-Instructional Services:			
Food Service Operations	1,363,344	1,203,282	(160,062)
Other Non-Instructional Services	176,101	135,547	(40,554)
Extracurricular Activities	379,919	333,074	(46,845)
Interest	4,050,355	3,683,484	(366,871)
Total Program Expenses	47,504,596	42,601,029	(4,903,567)
Change in Net Position	2,753,237	16,194,194	(13,440,957)
Net Position Beginning of Year - Restated	62,962,170	46,767,976	16,194,194
Net Position End of Year	$65,715,407	$62,962,170	$2,753,237

Governmental Activities

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 voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. 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 were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues decreased for governmental activities in fiscal year 2023. Operating grants decreased primarily due to a decrease in accrued revenue related to grants. General revenues decreased in fiscal year 2023 resulting from a decrease in property taxes due to the timing of tax advance settlements.

Instruction composes the most significant portion of governmental program expenses. The increase in program expenses results from an increase in pension expense as well as increases in the majority of support services program expenses.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

(Table 3)
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Instruction	$24,107,154	$17,435,020	$22,881,845	$16,212,565
Support Services:				
Pupil and Instructional Staff	2,893,712	2,143,084	2,619,766	1,499,478
Board of Education and Administration	5,544,694	4,176,020	3,933,354	3,356,008
Fiscal and Business	1,749,614	1,749,614	1,640,187	1,640,187
Operation and Maintenance of Plant	4,983,522	3,379,959	3,983,177	278,740
Pupil Transportation	1,754,638	1,304,069	1,768,311	778,621
Central	501,543	501,543	419,002	413,667
Operation of Food Service	1,363,344	(63,501)	1,203,282	(266,541)
Operation of Non-Instructional Services	176,101	76,484	135,547	27,779
Extracurricular Activities	379,919	243,907	333,074	250,689
Interest	4,050,355	4,050,355	3,683,484	3,683,484
Total Expenses	$47,504,596	$34,996,554	$42,601,029	$27,874,677

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

The School District's Funds

Information regarding the School District's major funds starts with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. For fiscal year 2023, the School District had four major funds, the general fund, elementary and secondary school emergency relief special revenue fund, the building capital projects fund and the classroom facilities capital projects fund. In the general fund, revenues primarily consisting of property taxes, payments in lieu of taxes and intergovernmental revenues continue to outpace expenditures and the subsidy of other funds. The elementary and secondary school emergency relief special revenue fund had a increase in fund balance due to grant reimbursements received in 2023. The building and classroom facilities capital projects funds had decreases in fund balances due to the continued spending of debt proceeds on school facilities.

General Fund Budgeting Highlights

Information about the School District's budget is prepared in accordance with 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 main operating fund of the School District, the general fund. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

During the course of fiscal year 2023, the School District amended its general fund budget several times by the end of the fiscal year. For the general fund, the final budget basis revenue estimate was lower than the original budget estimate. The change was mainly attributed to an decrease in most projected revenues as funding sources became more apparent throughout the fiscal year. The final budget appropriations were higher than the original budget appropriations of the general fund due mainly to this increases in estimate for instructional activities and support services, as a more accurate picture of the fiscal year was realized. Actual revenue came in higher than the final budget basis revenue due to an uptick in both payment in lieu of taxes and intergovernmental revenues resulting from collections on payments for property taxes and distributions from the Ohio Department of Education. Actual expenditures were less than final appropriations due mainly to the diligence of management to keep costs low while still providing the services the School District citizens expect.

Capital Assets

During fiscal year 2023, the School District's capital asset additions included ongoing construction in progress in relation to the middle and high school building for the School District, building improvements, various pieces of equipment and new vehicles. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Debt

On March 12, 2015, the School District issued general obligation bonds, in the amount of $13,790,000, to currently refund a portion of the 2007 school improvement refunding bonds in order to take advantage of lower interest rates. The bonds were issued with an interest rate of 2.5 percent. The bonds were issued for a ten year period with a final maturity at December 1, 2024. The bonds will be retired from the debt service fund.

On December 12, 2017 the School District issued certificates of participation in the amount of $17,225,000 for the purpose of building new school facilities. The issue was split into serial of $9,505,000 at various interest rates between 3.125 percent and 4.0 percent and term of $7,720,000 at an interest rate of 3.5 percent. This lease purchase agreement will mature in December of 2047. The certificates of participation were issued at a discount of $119,227. This discount will be amortized over 30 years using the straight line method.

On August 30, 2018, the School District issued $8,800,000 in school facilities construction bonds, which included serial and term bonds in the amounts of $2,105,000 and $6,695,000, respectively. The bonds were issued at a premium of $418,791. The school facilities construction bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving the School District buildings. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2046. The bonds will be retired from the bond retirement debt service fund.

On November 15, 2019, the School District issued $39,061,000 in school facilities construction bonds, which included Series A serial and term bonds in the amounts of $2,656,000 and $34,415,000, respectively and Series B term bonds in the amount of $1,990,000. The bonds were issued at a premium of $4,169,137. The school facilities construction bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving the School District buildings. The bonds were issued for a thirty-five year period with final maturity at December 1, 2055. The bonds will be retired from the bond retirement debt service fund.

On October 25, 2019, the School District issued $22,000,000 in Certificates of Participation (COPS) for the purpose building new facilities, which included $8,845,000 in serial bonds and $13,155,000 in term bonds. The certificates of participation were issued for a thirty year period with final maturity in fiscal year 2050. The certificates of participation were issued at a premium of $497,681. This premium will be amortized over 30 years using the straight line method.

On November 4, 2020, the School District issued $26,708,704 in general obligation bonds to refund a portion of the 2018 and 2019 School Improvement bonds. The general obligation bonds include term and capital appreciation (deep discount) bonds in the amounts of $25,105,000 and $1,603,704, respectively. The bonds were issued at a premium of $3,492,305. The term bonds were issued at varying interest costs of 2.723 to 3.50 percent. The bonds were issued for a 30 year period with final maturity on December 1, 2051. The bonds will be retired through the bond retirement debt service fund.

On June 29, 2022, the School District issued $14,500,000 in Certificates of Participation (COPS) for the purpose building new facilities, which included $8,900,000 in serial bonds and $5,600,000 in term bonds. The certificates of participation were issued for a sixteen year period with final maturity in fiscal year 2038. The certificates of participation were issued at a premium of $417,169. This premium will be amortized over 16 years using the straight line method.

The overall debt margin of the School District as of June 30, 2023, was $0 with an unvoted debt margin of $398,539. Pursuant to Section 133.06(I) of the Revised Code, a school district may incur net indebtedness in excess of the 9 percent limitation when necessary to raise the school district's portion of the basic project cost and any additional funds necessary to participate in a project under Chapter 3318 of the Revised Code, including the costs of items designated by the Ohio Facilities Construction Commission. For more information about the School District's debt obligations, see Note 17 to the basic financial statements.

Current Financial Related Activities

The School District completed fourteen fiscal years of cash basis current year expenditures within current year resources in fiscal year 2023. In other words, School District spending has been less than current revenue resources for the last thirteen fiscal years on the cash basis. The Board of Education, administration, staff and community are committed to the financial condition of the School District. The passage of a bond/permanent improvement levy on November 6, 2018 is a true indication of the commitment to the School District by the school community and renewal of the emergency levy in November of 2020. The School District has to strike a balance of providing the best services to the School District community, while also being fiscally responsible.

The School District continues to maximize the carryover balance of the general fund through prudent investment of funds and long term planning to address deficit spending. Deficit spending can drastically exhaust the carryover balance along with other issues such as real estate tax delinquencies, economic downturns and increases in the cost of operations. Real estate taxes and State funding continue to be the major revenue streams for the School District. The new State funding formula funds students attending the School District.

Public education in Ohio continues to be a partnership of local tax funding and State funding. Ohio public school districts must plan accordingly for a long-term financial plan that is transparent to the School District community. The Ohio Department of Education reported that Warrensville Heights City School District has substantial and effective partnerships with local governments, businesses and stakeholders of the community. School District leadership is committed to the fiscal discipline necessary to provide the best programs within the resources of the School District; which is documented in the semi-annual five year forecast in November and May of each fiscal year. The School District is completing a Master Facility Plan providing for new facilities in the entire School District, with phase one financed by 2017 certificates of participation and 2018 school facilities construction bonds and phase two financed by the 2019 Certificates of Participation and 2019 school facilities construction bonds. A new Pre-Kindergarten through Fifth grade building (Warrensville Heights Elementary School) was completed in November of 2020 with scholars attending in January of 2021. Phase two of the Master Facility Plan is in process with a completion date of fall of 2023. The School District acquired a local church for future improvement to eventually become the early childhood center for the School District along with the Master Facilities Plan, also to be complete in the fall of 2023.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have any questions about this report or need additional financial information, please contact Dr. Michael A. Rock, Treasurer, at the Warrensville Heights City School District, 4500 Warrensville Center Road, Warrensville Heights, Ohio 44128, or mike.rock@whcsd.org.

Basic Financial Statements

Warrensville Heights City School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$85,366,191
Accrued Interest Receivable	140,089
Intergovernmental Receivable	4,083,928
Prepaid Items	51,197
Revenue in Lieu of Taxes Receivable	3,532,262
Property Taxes Receivable	29,361,804
Net OPEB Asset (See Note 12)	2,748,437
Nondepreciable Capital Assets	70,260,120
Depreciable Capital Assets, Net	48,055,549
Total Assets	243,599,577
Deferred Outflows of Resources	
Deferred Charge on Refunding	4,749,228
Pension	8,609,331
OPEB	869,185
Total Deferred Outflows of Resources	14,227,744
Liabilities	
Accounts Payable	576,110
Contracts Payable	4,397,476
Retainage Payable	1,022,774
Accrued Wages and Benefits	2,289,668
Intergovernmental Payable	735,053
Accrued Interest Payable	376,433
Matured Lease Payable	51,046
Matured Interest Payable	15,214
Matured Compensated Absences Payable	30,930
Unearned Revenue	34,157
Long-Term Liabilities:	
Due Within One Year	4,180,319
Due in More Than One Year:	
Net Pension Liability (See Note 11)	32,046,260
Net OPEB Liability (See Note 12)	2,101,575
Other Amounts	107,827,330
Total Liabilities	155,684,345
Deferred Inflows of Resources	
Property Taxes	24,756,895
Payments in Lieu of Taxes	3,532,262
Leases	225,000
Pension	2,696,272
OPEB	5,217,140
Total Deferred Inflows of Resources	36,427,569
Net Position	
Net Investment in Capital Assets	32,988,340
Restricted for:	
Capital Projects	4,143,864
Debt Service	3,159,436
Unclaimed Monies	50,336
OPEB Plans	594,208
Other Purposes	1,962,348
Unrestricted	22,816,875
Total Net Position	$65,715,407

See accompanying notes to the basic financial statements

Warrensville Heights City School District

Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Program Revenues: Capital Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction:					
Regular	$18,630,141	$888,326	$3,704,137	$0	($14,037,678)
Special	5,107,650	174,020	1,714,259	0	(3,219,371)
Vocational	237,075	8,962	50,142	0	(177,971)
Student Intervention Services	132,288	0	132,288	0	0
Support Services:					
Pupil	2,134,104	0	228,034	0	(1,906,070)
Instructional Staff	759,608	0	522,594	0	(237,014)
Board of Education	64,981	0	0	0	(64,981)
Administration	5,479,713	0	1,368,674	0	(4,111,039)
Fiscal	1,150,776	0	0	0	(1,150,776)
Business	598,838	0	0	0	(598,838)
Operation and Maintenance of Plant	4,983,522	61,280	1,483,620	58,663	(3,379,959)
Pupil Transportation	1,754,638	0	450,569	0	(1,304,069)
Central	501,543	0	0	0	(501,543)
Operation of Non-Instructional Services:					
Food Service Operations	1,363,344	3,091	1,423,754	0	63,501
Other Non-Instructional Services	176,101	7,920	91,697	0	(76,484)
Extracurricular Activities	379,919	136,012	0	0	(243,907)
Interest	4,050,355	0	0	0	(4,050,355)
Total Governmental Activities	$47,504,596	$1,279,611	$11,169,768	$58,663	(34,996,554)

General Revenues	
Property Taxes Levied for:	
General Purposes	17,156,861
Debt Service	3,046,879
Capital Projects	1,707,013
Grants and Entitlements not Restricted to Specific Programs	10,776,780
Unrestricted Contributions	44,994
Investment Earnings/Interest	1,026,000
Payments in Lieu of Taxes	3,532,262
Miscellaneous	459,002
Total General Revenues	37,749,791
Change in Net Position	2,753,237
Net Position Beginning of Year (Restated - See Note 22)	62,962,170
Net Position End of Year	$65,715,407

See accompanying notes to the basic financial statements

Warrensville Heights City School District
Balance Sheet
Governmental Funds
June 30, 2023

	General	Elementary and Secondary School Emergency Relief	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$51,599,245	$21,175	$14,033,379	$6,964,234	$12,697,822	$85,315,855
Restricted Assets:						
Equity in Pooled Cash and Cash Equivalents	50,336	0	0	0	0	50,336
Accrued Interest Receivable	138,951	0	1,138	0	0	140,089
Intergovernmental Receivable	352,957	959,826	0	1,708,569	1,062,576	4,083,928
Prepaid Items	50,284	0	0	0	913	51,197
Interfund Receivable	2,967,000	0	0	0	0	2,967,000
Revenue in Lieu of Taxes Receivable	3,532,262	0	0	0	0	3,532,262
Property Taxes Receivable	23,151,441	0	0	0	6,210,363	29,361,804
Total Assets	$81,842,476	$981,001	$14,034,517	$8,672,803	$19,971,674	$125,502,471
Liabilities						
Accounts Payable	$385,518	$0	$0	$0	$190,592	$576,110
Contracts Payable	112,920	0	3,178,155	1,106,401	0	4,397,476
Retainage Payable	0	0	560,728	462,046	0	1,022,774
Accrued Wages and Benefits	1,859,542	256,604	0	0	173,522	2,289,668
Intergovernmental Payable	703,651	4,397	0	0	27,005	735,053
Interfund Payable	0	720,000	0	0	2,247,000	2,967,000
Matured Lease Payable	51,046	0	0	0	0	51,046
Matured Interest Payable	15,214	0	0	0	0	15,214
Matured Compensated Absences Payable	30,930	0	0	0	0	30,930
Unearned Revenue	0	0	0	0	34,157	34,157
Total Liabilities	3,158,821	981,001	3,738,883	1,568,447	2,672,276	12,119,428
Deferred Inflows of Resources						
Property Taxes	19,601,017	0	0	0	5,155,878	24,756,895
Payments in Lieu of Taxes	3,532,262	0	0	0	0	3,532,262
Leases	0	0	225,000	0	0	225,000
Unavailable Revenue	1,546,051	959,826	0	1,708,569	1,400,215	5,614,661
Total Deferred Inflows of Resources	24,679,330	959,826	225,000	1,708,569	6,556,093	34,128,818
Fund Balances						
Nonspendable	100,620	0	0	0	913	101,533
Restricted	6,386	0	10,070,634	5,395,787	11,997,529	27,470,336
Committed	304,480	0	0	0	0	304,480
Assigned	1,600,497	0	0	0	0	1,600,497
Unassigned (Deficit)	51,992,342	(959,826)	0	0	(1,255,137)	49,777,379
Total Fund Balances (Deficit)	54,004,325	(959,826)	10,070,634	5,395,787	10,743,305	79,254,225
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$81,842,476	$981,001	$14,034,517	$8,672,803	$19,971,674	$125,502,471

See accompanying notes to the basic financial statements

Warrensville Heights City School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$79,254,225
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		118,315,669
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	1,632,058	
Grants	3,710,704	
Tuition and Fees	271,899	
Total		5,614,661
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		(376,433)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(57,335,394)	
Certificates of Participation	(50,647,139)	
Leases	(2,815,463)	
Compensated Absences	(1,209,653)	
Deferred Charge on Refunding	4,749,228	
Total		(107,258,421)
The net pension liability and net OPEB asset (liability) are not due and payable in the current period; therefore, the asset (liability) and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	2,748,437	
Deferred Outflows - Pension	8,609,331	
Deferred Outflows - OPEB	869,185	
Net Pension Liability	(32,046,260)	
Net OPEB Liability	(2,101,575)	
Deferred Inflows - Pension	(2,696,272)	
Deferred Inflows - OPEB	(5,217,140)	
Total		(29,834,294)
Net Position of Governmental Activities		$65,715,407

See accompanying notes to the basic financial statements

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

	General	Elementary and Secondary School Emergency Relief	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$17,097,330	$0	$0	$0	$4,723,322	$21,820,652
Intergovernmental	12,042,212	8,288,410	0	4,860,385	4,699,213	29,890,220
Investment Earnings/Interest	805,168	0	220,832	0	0	1,026,000
Tuition and Fees	574,873	0	0	0	0	574,873
Extracurricular Activities	12,797	0	0	0	143,932	156,729
Contributions and Donations	44,944	0	0	0	50	44,994
Charges for Services	415,019	0	0	0	3,091	418,110
Rentals	1,280	0	60,000	0	0	61,280
Payments in Lieu of Taxes	3,532,262	0	0	0	0	3,532,262
Miscellaneous	307,857	0	0	0	151,145	459,002
Total Revenues	34,833,742	8,288,410	280,832	4,860,385	9,720,753	57,984,122
Expenditures						
Current:						
Instruction:						
Regular	11,924,890	2,105,813	0	0	2,315,446	16,346,149
Special	4,498,819	120,605	0	0	520,326	5,139,750
Vocational	231,903	0	0	0	0	231,903
Student Intervention Services	0	13,300	0	0	118,988	132,288
Support Services:						
Pupil	1,802,745	36,250	0	0	231,853	2,070,848
Instructional Staff	213,729	29,592	0	0	544,026	787,347
Board of Education	64,981	0	0	0	0	64,981
Administration	4,066,725	1,253,243	0	0	110,354	5,430,322
Fiscal	1,221,751	0	0	0	0	1,221,751
Business	580,325	0	0	0	0	580,325
Operation and Maintenance of Plant	3,314,016	1,470,466	0	0	184,555	4,969,037
Pupil Transportation	1,743,029	1,456	0	0	82,848	1,827,333
Central	504,169	0	0	0	0	504,169
Operation of Non-Instructional Services:						
Food Service Operations	0	727	0	0	1,381,137	1,381,864
Other Non-Instructional Services	0	500	0	0	172,406	172,906
Extracurricular Activities	195,700	0	0	0	133,108	328,808
Capital Outlay	716,364	0	17,655,557	16,472,668	0	34,844,589
Debt Service:						
Principal Retirement	1,186,866	0	0	0	2,579,380	3,766,246
Interest	1,094,383	0	0	0	2,527,132	3,621,515
Capital Appreciation Bonds Interest	0	0	0	0	240,620	240,620
Total Expenditures	33,360,395	5,031,952	17,655,557	16,472,668	11,142,179	83,662,751
Excess of Revenues Over (Under) Expenditures	1,473,347	3,256,458	(17,374,725)	(11,612,283)	(1,421,426)	(25,678,629)
Other Financing Sources (Uses)						
Inception of Lease	60,625	0	0	0	0	60,625
Transfers In	0	0	21,612	0	585,028	606,640
Transfers Out	(407,370)	0	0	0	(199,270)	(606,640)
Total Other Financing Sources (Uses)	(346,745)	0	21,612	0	385,758	60,625
Net Change in Fund Balances	1,126,602	3,256,458	(17,353,113)	(11,612,283)	(1,035,668)	(25,618,004)
Fund Balances (Deficits) Beginning of Year	52,877,723	(4,216,284)	27,423,747	17,008,070	11,778,973	104,872,229
Fund Balances (Deficits) End of Year	$54,004,325	($959,826)	$10,070,634	$5,395,787	$10,743,305	$79,254,225

See accompanying notes to the basic financial statements

Warrensville Heights City School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		($25,618,004)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:		
Capital Asset Additions	34,622,169	
Current Year Depreciation/Amortization	(1,831,789)	
Total		32,790,380
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(575,987)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	90,101	
Intergovernmental	(7,885,009)	
Tuition and Fees	68,619	
Total		(7,726,289)
Other financing sources, such as inception of lease, in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.		(60,625)
Repayment of long-term obligations is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
Principal Retirement	3,766,246	
Capital Appreciation Bond Accretion	240,620	
Total		4,006,866
In the statement of activities, interest is accrued on outstanding bonds, and bond premium/discount and deferred accounting loss are amortized over the terms of the bonds whereas in governmental funds the expenditure is reported when bonds are issued:		
Accrued Interest	(4,947)	
Amortization of Accretion	(522,992)	
Amortization of Bond Premium	286,132	
Amortization of Deferred Charge on Refunding	(183,058)	
Amortization of Discount	(3,975)	
Total		(428,840)
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.		49,963
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,902,374	
OPEB	66,650	
Total		2,969,024
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities:		
Pension	(3,476,889)	
OPEB	823,638	
Total		(2,653,251)
Change in Net Position of Governmental Activities		$2,753,237

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$20,638,930	$20,252,729	$20,252,729	$0
Intergovernmental	10,944,497	10,762,811	11,359,302	596,491
Interest	1,380,404	1,354,572	1,497,573	143,001
Tuition and Fees	606,548	595,198	596,415	1,217
Contributions and Donations	41,643	40,864	44,944	4,080
Charges for Services	422,933	415,019	415,019	0
Rentals	3,470	3,405	3,405	0
Payments in Lieu of Taxes	2,226,840	2,185,171	3,532,262	1,347,091
Miscellaneous	572,209	561,502	316,145	(245,357)
Total Revenues	36,837,474	36,171,271	38,017,794	1,846,523
Expenditures				
Current:				
Instruction:				
Regular	11,068,439	12,136,598	11,814,752	321,846
Special	4,040,312	4,930,943	4,930,943	0
Vocational	327,236	295,639	253,242	42,397
Support Services:				
Pupil	2,074,850	2,127,844	2,069,840	58,004
Instructional Staff	248,734	289,241	222,016	67,225
Board of Education	60,888	70,804	68,393	2,411
Administration	3,870,455	4,297,007	4,175,753	121,254
Fiscal	1,091,162	1,268,859	1,249,472	19,387
Business	1,043,491	746,980	746,980	0
Operation and Maintenance of Plant	3,259,159	3,747,742	3,659,384	88,358
Pupil Transportation	2,295,313	1,908,764	1,852,116	56,648
Central	719,384	738,857	736,415	2,442
Extracurricular Activities	253,507	236,648	223,148	13,500
Capital Outlay	515,749	599,739	599,739	0
Debt Service:				
Principal Retirement	1,090,000	1,090,000	1,090,000	0
Interest	1,063,698	1,063,698	1,063,698	0
Total Expenditures	33,022,377	35,549,363	34,755,891	793,472
Excess of Revenues Over (Under) Expenditures	3,815,097	621,908	3,261,903	2,639,995
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	0	537,463	537,463	0
Transfers Out	(407,370)	(407,370)	(407,370)	0
Advances In	13,670,500	13,670,500	13,670,500	0
Advances Out	(2,967,000)	(2,967,000)	(2,967,000)	0
Total Other Financing Sources (Uses)	10,296,130	10,833,593	10,833,593	0
Net Change in Fund Balance	14,111,227	11,455,501	14,095,496	2,639,995
Fund Balance Beginning of Year	37,124,577	37,124,577	37,124,577	0
Prior Year Encumbrances Appropriated	2,126,745	2,126,745	2,126,745	0
Fund Balance End of Year	$53,362,549	$50,706,823	$53,346,818	$2,639,995

See accompanying notes to the basic financial statements

Warrensville Heights City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$9,351,796	$8,288,410	$8,288,410	$0
Expenditures				
Current:				
Instruction:				
Regular	2,616,238	2,132,564	2,132,564	0
Special	147,962	120,318	120,318	0
Student Intervention Services	16,399	13,300	13,300	0
Support Services:				
Pupil	44,697	36,250	36,250	0
Instructional Staff	108,166	87,725	87,725	0
Administration	1,553,597	1,258,941	1,253,243	5,698
Operation and Maintenance of Plant	1,812,434	1,470,423	1,470,423	0
Pupil Transportation	0	1,000	1,000	0
Operation of Non-Instructional Services:				
Other Non-Instructional Services	14,796	500	500	0
Total Expenditures	6,314,289	5,121,021	5,115,323	5,698
Excess of Revenues Over (Under) Expenditures	3,037,507	3,167,389	3,173,087	5,698
Other Financing Sources (Uses)				
Advances In	720,000	720,000	720,000	0
Advances Out	(8,350,000)	(8,350,000)	(8,350,000)	0
Total Other Financing Sources (Uses)	(7,630,000)	(7,630,000)	(7,630,000)	0
Net Change in Fund Balance	(4,592,493)	(4,462,611)	(4,456,913)	5,698
Fund Balance Beginning of Year	4,389,908	4,389,908	4,389,908	0
Prior Year Encumbrances Appropriated	83,860	83,860	83,860	0
Fund Balance (Deficit) End of Year	($118,725)	$11,157	$16,855	$5,698

See accompanying notes to the basic financial statements

Warrensville Heights City School District

Statement of Fiduciary Assets and Liabilities

Custodial Fund

June 30, 2023

Assets	
Equity in Pooled Cash and Cash Equivalents	$2,944
Liabilities	
Accounts Payable	$2,944

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

The Warrensville Heights City School District (School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five-members elected at-large for staggered four year terms. The School District provides educational services as authorized and mandated by State statute and federal guidelines. The Board controls the School District's 4 instructional facilities, staffed by 105 classified employees, 160 certificated full-time teaching personnel, 4 exempt employees and 30 administrators who provide services to students and other community members.

The School District is located in Warrensville Heights, Ohio, Cuyahoga County. The enrollment for the School District during the 2023 fiscal year was 1,976. The School District operates one elementary schools (PreK-5), one middle school (6-8), and one high school (9-12).

Reporting Entity

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

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

The School District participates in two jointly governed organizations and two shared risk pools. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council Association, the Suburban Health Consortium and the Ohio School Plan. These organizations are presented in Notes 14 and 15 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

Fund Accounting

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

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 deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Elementary and Secondary School Emergency Relief (ESSER) Fund This fund accounts for and reports federal grant monies restricted to respond to the impact of the Coronavirus Disease (COVID-19).

Building Fund The building capital projects fund accounts for bond proceeds, grants and interest restricted for contracts entered into by the School District for the building and equipping of classroom facilities.

Classroom Facilities Fund The classroom facilities capital projects fund accounts for grants restricted for contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only custodial fund accounts for monies received for athletic tournaments for the benefit of the Ohio High School Athletic Association. The liabilities represent amounts where no further action is needed to release the assets to the Athletics Association.

Measurement Focus

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

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

Like the government-wide statements, fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds and custodial funds. The School District did not present this statement for fiscal year 2023 because fiduciary funds had no activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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, interest, tuition, grants, fees and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. 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. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position 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 until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB plans, leases and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the original and final appropriations were passed by the Board of Education.

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

Cash and Cash Equivalents

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

During fiscal year 2023, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), money market accounts, negotiable certificates of deposit, federal farm credit bank bonds, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, municipal securities and U.S. treasury notes. Investments are reported at fair value which is based on quoted market prices.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to $805,168 which includes $184,423 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund include unspent resources set-aside for unclaimed monies.

Capital Assets

All of the School District's capital assets are general capital assets. General capital assets are those assets related to activities reported in the governmental 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 (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10 years
Intangible Right to Use - Buildings	50 years

The School District is reporting an intangible right to use asset related to lease assets. The lease assets include a building for Board offices and represents nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Leases Payable

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "interfund receivables/payables." Interfund balances are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

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

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 School District's past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

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, claims and judgements and 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 year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds, long-term loans and leases are recognized as a liability on the governmental fund financial statements when due.

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed by law on its use through constitutional provisions or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represents the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes included resources restricted for information technologies and extracurricular activities.

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

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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.

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for administrative support.

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

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

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.

Note 3 – Accountability

At June 30, 2023, the following funds had deficit fund balances:

	Amount
Major Fund:	
ESSER	$959,826
Other Governmental Funds:	
Other Grants	184,703
Public School Preschool	68,268
21st Century	252,252
Title VI-B	195,951
Title I	511,054
Drug Free Schools	35,216
Class Size Reduction	7,693

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances – Budget (Non-GAAP Basis) and Actual for the general and major special revenue funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP).
2) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP).
3) Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP).
4) Budgetary revenues and expenditures of the public school support funds are reclassified to the general fund for GAAP reporting.
5) Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP).
6) Investments are reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund and the major special revenue fund.

Net Change in Fund Balance		
	General	Elementary and Secondary School Emergency Relief
GAAP Basis	$1,126,602	$3,256,458
Net Adjustment for Revenue Accruals	2,935,568	537,463
Advances In	13,670,500	720,000
Beginning Fair Value Adjustment for Investments	(3,031,572)	0
Ending Fair Value Adjustment for Investments	3,778,084	0
Net Adjustment for Expenditure Accruals	611,515	(616,514)
Advances Out	(2,967,000)	(8,350,000)
Perspective Differences:		
Public School Support	29,200	0
Adjustment for Encumbrances	(2,057,401)	(4,320)
Budget Basis	$14,095,496	($4,456,913)

Note 5 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

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

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

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

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

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, $418,707 of the City's total bank balance of $18,696,786 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Two of the School District's financial institutions participate in the Ohio Pooled Collateral System (OPCS) and one was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per share:				
STAR Ohio	$14,148,311	Average 38.5 Days	AAAm	N/A
Fair Value - Level One Inputs:				
Money Market Accounts	418,444	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	1,151,820	Less than one year	N/A	N/A
Negotiable Certificates of Deposit	1,389,371	More than one year	N/A	N/A
Federal Farm Credit Bank Bonds	5,577,356	More than one year	AA+	8.40%
Federal Home Loan Mortgage Corporation Bonds	2,272,557	Less than one year	AA+	N/A
Federal Home Loan Mortgage Corporation Bonds	2,793,855	More than one year	AA+	N/A
Federal Home Loan Bank Bonds	21,977,478	More than one year	AA+	33.12%
Federal National Mortgage Association Bonds	8,318,992	More than one year	AA+	12.54%
Municipal Securities	440,159	More than one year	AA+	N/A
US Treasury Notes	3,780,608	Less than one year	N/A	5.70%
US Treasury Notes	4,097,026	More than one year	N/A	6.17%
Total	$66,365,977			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2023. The treasury obligations money market is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District’s remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs)

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District’s investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The money market accounts are exposed to custodial credit risk in that it is uninsured, unregistered, and held by the counterparty. The School District has no investment policy dealing with the 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.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk This type of risk is defined by the Governmental Accounting Standards Board as having investments of five percent or more in the securities of a single issuer. The School District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

Note 6 – Receivables

Receivables at June 30, 2023, consisted of taxes, accrued interest, accounts, payments in lieu of taxes, and intergovernmental grants. 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 fiscal year guarantee of federal funds. All receivables are expected to be collected within one year except for delinquent property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the intergovernmental receivables follows:

Governmental Activities	Amounts
ESSER Grant	$959,826
Title I Grant	511,054
Foundation Adjustments	271,962
21st Century Grant	252,252
Title VI-B Grant	195,951
Medicaid Reimbursement	80,995
Public School Preschool Grant	40,143
Title IV-A Grant	35,216
Federal Food Reimbursement	20,267
Improving Teacher Quality Grant	7,693
Total Intergovernmental Receivables	$2,375,359

The School District signed agreements with the Ohio Facilities Construction Commission to build a new elementary school and a new middle and high school. Under these agreements, the State shares are $8,318,300 and $12,031,231, respectively, and the local shares are $12,963,883 and $25,566,364, respectively. This receivable will not be collected within one year. $1,708,569 is the outstanding balance of the State share portions.

Payment in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of the TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

Note 7 – Property Taxes

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

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

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

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim, based on collectability. 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 of resources – property taxes.

The amount available as an advance at June 30, 2023, was $2,276,272 in the general fund, $448,776 in the bond retirement debt service fund and $247,803 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2022, was $5,431,671 in the general fund, $1,070,876 in the bond retirement debt service fund and $591,311 in the permanent improvement capital projects fund. The difference is in the timing and collection by the County Fiscal Officer.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$381,829,330	95.29 %	$378,912,790	95.08 %
Public Utility	18,893,080	4.71	19,626,540	4.92
Total Assessed Value	$400,722,410	100.00 %	$398,539,330	100.00 %
Tax rate per $1,000 of assessed valuation		$97.00		$97.50

Note 8 – Risk Management

Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracted through the Ohio School Plan for property insurance (which also includes inland marine, boiler and machinery), general liability, automobile and umbrella coverage. The School District also contracted with Travelers Insurance for crime and cyber coverage.

Company	Type of Coverage	Coverage
Ohio School Plan	Property ($1,000 Deductible)	$111,377,083
	Inland Marine ($1,000 Deductible)	111,377,083
	Boiler/Machinery ($1,000 Deductible)	111,377,083
	General Liability:	
	In Aggregate	3,000,000
	Per Occurrence	1,000,000
	Automobile Liability	11,000,000
	Umbrella Coverage:	
	Each Occurrence Limit	11,000,000
	Aggregate Limit	13,000,000
Travelers Insurance Company	Crime	1,000,000
	Cyber	3,000,000

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

Employee Health Benefits

For fiscal year 2023, the School District was a participant in the Suburban Health Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the Orange City School District. The Treasurer of the Orange City School District pays monthly for the actual amount of claims processed, the stop-loss premium and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

During fiscal year 2023, the School District provided full-time employees with 90 percent Board paid hospitalization, prescription drug, dental and vision.

Workers' Compensation

The School District pays the Workers' Compensation system a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 – Tax Abatements

School District property taxes were reduced as follows under community reinvestment area agreements entered into by overlapping governments:

Overlapping Government	2023 Taxes Abated
Community Reinvestment Areas:	
City of Warrensville Heights	$952,735

Pursuant to Section 5709.82 of the Ohio Revised Code, the City of Warrensville Heights and the Warrensville Heights City School District created various Community Reinvestment Area (CRA) Compensation Agreements.

Note 10 – Capital Assets

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

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$803,187	$0	$0	$803,187
Construction in Progress	35,232,583	34,224,350	0	69,456,933
Total Capital Assets, not being depreciated	36,035,770	34,224,350	0	70,260,120
Capital Assets, being depreciated/amortized:				
Land Improvements	1,371,044	0	(757,395)	613,649
Buildings and Improvements	59,394,118	173,136	(2,478,024)	57,089,230
Leasehold Improvements	141,766	0	0	141,766
Furniture, Fixtures and Equipment	1,570,447	110,393	(81,345)	1,599,495
Vehicles	2,135,691	53,000	0	2,188,691
Intangible Right to Use Assets - Buildings**	2,941,946	61,290	0	3,003,236
Total Capital Assets, being depreciated/amortized	67,555,012	397,819	(3,316,764)	64,636,067
Less: Accumulated Depreciation/Amortization				
Land Improvements	(1,090,357)	(15,170)	757,395	(348,132)
Buildings and Improvements	(13,450,816)	(1,462,058)	1,907,376	(13,005,498)
Leasehold Improvements	(35,441)	(14,177)	0	(49,618)
Furniture, Fixtures and Equipment	(1,084,831)	(76,642)	76,006	(1,085,467)
Vehicles	(1,769,222)	(82,323)	0	(1,851,545)
Intangible Right to Use Assets - Buildings**	(58,839)	(181,419)	0	(240,258)
Total Accumulated Depreciation/Amortization	(17,489,506)	(1,831,789) *	2,740,777	(16,580,518)
Total Capital Assets, being depreciated/amortized	50,065,506	(1,433,970)	(575,987)	48,055,549
Net Governmental Activities Capital Assets, Net	$86,101,276	$32,790,380	($575,987)	$118,315,669

* Depreciation/amortization expense was charged to governmental activities as follows:

Regular Instruction	$1,445,352
Support Services:	
Instructional Staff	87
Administration	182,429
Operation and Maintenance of Plant	119,930
Pupil Transportation	41,105
Food Service Operations	41,414
Extracurricular Activities	1,472
Total Depreciation/Amortization Expense	$1,831,789

** Of the current year depreciation/amortization total of $1,831,789, $181,419 is presented as administrative expense on the Statement of Activities related to the School District's intangible asset of Board Offices, which is included as an Intangible Right to Use Lease.

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

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the

System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $887,780 for fiscal year 2023. Of this amount $63,720 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The School District's contractually required contribution to STRS was $2,014,594 for fiscal year 2023. Of this amount $215,852 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.15623100%	0.10614457%	
Prior Measurement Date	0.14893140%	0.10385790%	
Change in Proportionate Share	0.00729960%	0.00228667%	
Proportionate Share of the Net Pension Liability	$8,450,188	$23,596,072	$32,046,260
Pension Expense	$271,915	$3,204,974	$3,476,889

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$342,239	$302,060	$644,299
Changes of assumptions	83,380	2,823,741	2,907,121
Net difference between projected and actual earnings on pension plan investments	0	821,092	821,092
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	272,863	1,061,582	1,334,445
School District contributions subsequent to the measurement date	887,780	2,014,594	2,902,374
Total Deferred Outflows of Resources	$1,586,262	$7,023,069	$8,609,331
Deferred Inflows of Resources			
Differences between expected and actual experience	$55,473	$90,263	$145,736
Changes of assumptions	0	2,125,465	2,125,465
Net difference between projected and actual earnings on pension plan investments	294,873	0	294,873
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	130,198	0	130,198
Total Deferred Inflows of Resources	$480,544	$2,215,728	$2,696,272

$2,902,374 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$43,254	$530,455	$573,709
2025	105,886	274,183	380,069
2026	(421,232)	(404,916)	(826,148)
2027	490,030	2,393,025	2,883,055
Total	$217,938	$2,792,747	$3,010,685

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$12,438,273	$8,450,188	$5,090,280

Actuarial Assumptions – STRS

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

	June 30, 2022
Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$35,645,074	$23,596,072	$13,406,346

Note 12 - Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $66,650.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $66,650 for fiscal year 2023. Of this amount $66,650 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.14968370%	0.10614457%	
Prior Measurement Date	0.14167920%	0.10385790%	
Change in Proportionate Share	0.00800450%	0.00228667%	
Proportionate Share of the:			
Net OPEB Liability	$2,101,575	$0	$2,101,575
Net OPEB (Asset)	$0	($2,748,437)	($2,748,437)
OPEB Expense	($322,616)	($501,022)	($823,638)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$17,666	$39,842	$57,508
Changes of assumptions	334,283	117,074	451,357
Net difference between projected and actual earnings on OPEB plan investments	10,923	47,844	58,767
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	221,066	13,837	234,903
School District contributions subsequent to the measurement date	66,650	0	66,650
Total Deferred Outflows of Resources	$650,588	$218,597	$869,185
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,344,321	$412,762	$1,757,083
Changes of assumptions	862,712	1,948,906	2,811,618
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	637,281	11,158	648,439
Total Deferred Inflows of Resources	$2,844,314	$2,372,826	$5,217,140

$66,650 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($601,728)	($636,114)	($1,237,842)
2025	(521,868)	(618,819)	(1,140,687)
2026	(439,565)	(290,959)	(730,524)
2027	(308,553)	(121,960)	(430,513)
2028	(178,331)	(160,546)	(338,877)
Thereafter	(210,331)	(325,831)	(536,162)
Total	($2,260,376)	($2,154,229)	($4,414,605)

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$2,610,188	$2,101,575	$1,690,986

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$1,620,691	$2,101,575	$2,729,686

Actuarial Assumptions – STRS

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	($2,540,857)	($2,748,437)	($2,926,246)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($2,850,797)	($2,748,437)	($2,619,231)

Note 13 – Other Employee Benefits

Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 250 days for certified staff and a maximum accumulation of 205 days for classified employees.

Early Retirement Incentive

The School District negotiated an early retirement incentive for eligible certified employees who submit an irrevocable notice of resignation for retirement from the State Teachers Retirement System on or before April 30 2023, to take effect on or before July 1, 2023 and who are not seeking reemployment with the School District. The incentive amount is $5,000 per eligible employee for up to 12 employees, if the Superintendent is notified in writing by April 30 of the retirement year, if notification is given by February 28 of the retirement year, an additional bonus of $3,000 will be paid. There was a liability of $8,000 as of June 30, 2023 for this plan.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees from Grady Life Insurance through the Ohio Schools Council.

Note 14 – Jointly Governed Organizations

Lake Geauga Computer Association

The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications among its nineteen member school districts. Each of the school districts supports LGCA based on a per pupil charge. LGCA's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2023, the School District paid $51,418 to LGCA. Financial information can be obtained from the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

Ohio Schools' Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 249 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly from September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. The degree of control exercised by any participant is limited to its representation on the Governing Board. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. In fiscal year 2023, the School District paid $55,425 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy was the supplier and program manager for the period from July 1, 2018 through June 30, 2019 and again from July 1, 2019 through June 30, 2022. The agreement has been extended until June 30, 2025. There are currently 185 participants in the program. The participants make monthly payments based on the previous year's usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more than their actual usage can use their credit on future billings or request a refund. Districts that did not pay enough on estimated billings are invoiced for the difference on their October or November monthly bill.

Note 15 – Shared Risk Pool

Suburban Health Consortium

The Suburban Health Consortium ("the Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent's designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the Orange City School District (the Fiscal Agent) at 32000 Chagrin Boulevard, Pepper Pike, Ohio 44124.

Ohio School Plan

The Ohio School Plan (Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. OSBA, BASA and OASBO executive directors serve as ex-officio members. Approximately 280 educational entities are members of the Plan. The Plan's board elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information write to the Ohio School Plan, Hylant Administrative Services, 811 Madison Avenue, Toledo, Ohio 43604.

Note 16 – Contingencies

Grants

The School District received financial assistance from federal and state 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 general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2023 have been finalized.

Litigation

The Warrensville Heights City School District (the "School District") is currently a party to legal proceedings challenging the value of property for a major business in the School District with various appeals of property valuation. Total revenue for the School District may increase due to valuation adjustments. At this time, the effect on the financial condition of the School District is unknown.

The School District received communications from Beachwood City School District concerning a revenue sharing agreement from 1997, claiming particular sharing of tax revenues from particular properties that reside in the City of Beachwood but on the tax duplicate of the School District. The Beachwood City School District re-filed a "Complaint, Request for Declaratory and Injunctive Relief and Damages" in the Court of Common Pleas for Cuyahoga County, naming the Warrensville Heights Board of Education as defendant. On February 7, 2019 The Court of Common Pleas Cuyahoga County Ohio found that Warrensville Heights City School District is entitled to summary judgement as a matter of the law. The Beachwood City School District appealed the judgement on February 28, 2019 with the case pending. On September 17, 2020, the Court of Appeals overturned the trial court summary judgement remanding the case back to the trial court. The School District will appeal the case to the Supreme Court of Ohio, which has the discretion to hear the case. The Supreme Court of Ohio heard the case on October 6, 2021 and the case was affirmed and remanded to the trial court on September 6, 2022. The School District filed for reconsideration of which the Supreme Court denied on November 8, 2022 remanding the case to the trial court.

Note 17 – Long-Term Obligations

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

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023	Amount Due in One Year
Governmental Activities					
General Obligation Bonds:					
2018 School Improvement					
Serial Bonds, 2.0% to 4.0%	$2,050,000	$0	($25,000)	$2,025,000	$25,000
Term Bonds, 4.0% to 5.0%	2,035,000	0	0	2,035,000	0
Premium	239,309	0	(14,956)	224,353	0
Total 2018 School Improvement Bonds	4,324,309	0	(39,956)	4,284,353	25,000
2015 School Improvement					
Refunding Bonds, 2.5%	5,455,000	0	(1,780,000)	3,675,000	1,820,000
2019 School Improvement					
Serial Bonds, 4.0% to 5.0% **Series A**	2,645,000	0	(25,000)	2,620,000	25,000
Term Bonds, 4.0% to 5.25% **Series A**	11,530,000	0	0	11,530,000	0
Term Bonds, 2.471% to 2.712% **Series B**	1,990,000	0	0	1,990,000	0
Premium	3,242,736	0	(115,812)	3,126,924	0
Total 2019 School Improvement Bonds	19,407,736	0	(140,812)	19,266,924	25,000
2020 School Improvement Refunding					
Term Bonds, 2.723% to 3.50%	25,105,000	0	0	25,105,000	0
Capital Appreciation Bonds	1,210,411	0	(314,380)	896,031	237,712
Accretion	615,048	522,992	(240,620)	897,420	317,288
Premium	3,323,322	0	(112,656)	3,210,666	0
Total 2020 School Improvement Refunding Bonds	30,253,781	522,992	(667,656)	30,109,117	555,000
Total General Obligation Bonds	59,440,826	522,992	(2,628,424)	57,335,394	2,425,000

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023	Amount Due in One Year
Governmental Activities					
Certificates of Participation:					
2017 Certificates of Participation					
Serial Bonds, 3.125% to 4.0%	$8,085,000	$0	($380,000)	$7,705,000	$395,000
Term Bonds, 3.5%	7,720,000	0	0	7,720,000	0
Discount	(101,012)	0	3,975	(97,037)	0
Total 2017 Certificates of Participation	15,703,988	0	(376,025)	15,327,963	395,000
2019 Certificates of Participation					
Serial Bonds, 4.0%	7,980,000	0	(435,000)	7,545,000	455,000
Term Bonds, 3.0% to 4.0%	13,155,000	0	0	13,155,000	0
Premium	454,715	0	(16,632)	438,083	0
Total 2019 Certificates of Participation	21,589,715	0	(451,632)	21,138,083	455,000
2022A Certificates of Participation					
Serial Bonds, 4.0% to 5.0%	3,075,000	0	(255,000)	2,820,000	235,000
Term Bonds, 4.0%	1,925,000	0	0	1,925,000	0
Premium	141,492	0	(8,844)	132,648	0
Total 2022A Certificates of Participation	5,141,492	0	(263,844)	4,877,648	235,000
2022B Certificates of Participation					
Serial Bonds, 4.0% to 5.0%	5,825,000	0	(455,000)	5,370,000	445,000
Term Bonds, 4.0%	3,675,000	0	0	3,675,000	0
Premium	275,677	0	(17,232)	258,445	0
Total 2022B Certificates of Participation	9,775,677	0	(472,232)	9,303,445	445,000
Total Certificates of Participation	52,210,872	0	(1,563,733)	50,647,139	1,530,000
Net Pension Liability					
SERS	5,495,137	2,955,051	0	8,450,188	0
STRS	13,279,166	10,316,906	0	23,596,072	0
Total Net Pension Liability	18,774,303	13,271,957	0	32,046,260	0
Net OPEB Liability					
SERS	2,681,395	0	(579,820)	2,101,575	0
Compensated Absences	1,259,616	38,514	(88,477)	1,209,653	122,405
Leases Payable	2,851,704	60,625	(96,866)	2,815,463	102,914
Total Governmental Activities	$137,218,716	$13,894,088	($4,957,320)	$146,155,484	$4,180,319

On August 30, 2018, the School District issued $8,800,000 in school facilities construction bonds, which included serial and term bonds in the amounts of $2,105,000 and $6,695,000, respectively. The bonds were issued at a premium of $418,791. The school facilities construction bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving the School District buildings. The bonds were issued for a twenty-eight year period with final maturity at December 1, 2046. After refunding in fiscal year 2020, the bonds now have a final maturity of December 1, 2037. The bonds will be retired from the bond retirement debt service fund. During fiscal year 2021, $4,660,000 of the term bonds were refunded to take advantage of lower interest rates.

The term bonds maturing on December 1, 2037 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption as follows:

Fiscal Year	Issue $2,035,000
2033	$400,000
2034	380,000
2035	405,000
2036	425,000
Total mandatory sinking fund payment:	1,610,000
Amount due at stated maturity:	425,000
Total	$2,035,000
Stated Maturity	12/1/2037

On March 12, 2015, the School District issued general obligation bonds, in the amount of $13,790,000, to currently refund a portion of the 2007 school improvement refunding bonds in order to take advantage of lower interest rates. The bonds were issued with an interest rate of 2.5 percent. The bonds were issued for a ten year period with a final maturity at December 1, 2024. The bonds will be retired from the bond retirement debt service fund.

On November 15, 2019, the School District issued $39,061,000 in school facilities construction bonds, which included Series A serial and term bonds in the amounts of $2,656,000 and $34,415,000, respectively and Series B term bonds in the amount of $1,990,000. The bonds were issued at a premium of $4,169,137. The school facilities construction bonds were issued for the purpose of constructing, renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving the School District buildings. The bonds were issued for a thirty-five year period with final maturity at December 1, 2055. The bonds will be retired from the bond retirement debt service fund. During fiscal year 2021, $22,885,000 of the Series A term bonds were refunded to take advantage of lower interest rates.

The Series A term bonds mature on December 1, 2038 and 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest. The Series B term bonds mature on December 1, 2025 and 2027 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption as follows:

	Series A Issue		Series B Issue	
Fiscal Year	$2,375,000	$9,155,000	$990,000	$1,000,000
2024	$0	$0	$490,000	$0
2026	0	0	0	500,000
2035	505,000	0	0	0
2036	555,000	0	0	0
2037	630,000	0	0	0
2045	0	1,245,000	0	0
2046	0	1,365,000	0	0
2047	0	2,065,000	0	0
2048	0	2,180,000	0	0
Total mandatory sinking fund payment:	1,690,000	6,855,000	490,000	500,000
Amount due at stated maturity	685,000	2,300,000	500,000	500,000
Total	$2,375,000	$9,155,000	$990,000	$1,000,000
Stated Maturity	12/1/2038	12/1/2049	12/1/2025	12/1/2027

On November 4, 2020, the School District issued $26,708,704 in general obligation bonds to refund a portion of the 2018 and 2019 School Improvement bonds. The general obligation bonds include term and capital appreciation (deep discount) bonds in the amounts of $25,105,000 and $1,603,704, respectively. The bonds were issued at a premium of $3,492,305. The term bonds were issued at varying interest costs of 2.723 to 3.50 percent. The bonds were issued for a 30 year period with final maturity on December 1, 2051. The bonds will be retired through the bond retirement debt service fund.

The capital appreciation bonds were originally sold at a discount of $4,471,296, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2032. The maturity amount of the outstanding capital appreciation bonds at June 30, 2023 was $4,995,000. The accretion recorded for fiscal year 2023 was $522,992, for a total outstanding bond liability of $1,793,451 at June 30, 2023.

Net proceeds of $33,437,308 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, $27,545,000 of these bonds is considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. As of June 30, 2023, $27,545,000 of the defeased bonds are still outstanding.

The term bonds maturing on December 1, 2035, 2040, 2045 and 2051 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on October 1 in the years and in the respective principal amounts as follows:

Fiscal Year	Issue $2,310,000	Issue $6,245,000	Issue $9,240,000	Issue $7,310,000
2033	$555,000	$0	$0	$0
2034	570,000	0	0	0
2035	585,000	0	0	0
2037	0	620,000	0	0
2038	0	635,000	0	0
2039	0	1,105,000	0	0
2040	0	1,895,000	0	0
2042	0	0	2,090,000	0
2043	0	0	2,190,000	0
2044	0	0	2,300,000	0
2045	0	0	2,040,000	0
2047	0	0	0	640,000
2048	0	0	0	665,000
2049	0	0	0	685,000
2050	0	0	0	710,000
2051	0	0	0	3,160,000
Total mandatory sinking fund payment:	1,710,000	4,255,000	8,620,000	5,860,000
Amount due at stated maturity:	600,000	1,990,000	620,000	1,450,000
Total	$2,310,000	$6,245,000	$9,240,000	$7,310,000
Stated Maturity	12/1/2035	12/1/2040	12/1/2045	12/1/2051

On December 12, 2017, the School District issued $17,225,000 in Certificates of Participation (COPS) for the purpose of building new facilities, which included $9,505,000 in serial bonds and $7,720,000 in term bonds. The certificates of participation were issued for a thirty year period with final maturity in fiscal year 2048. The certificates will be paid from property taxes from the general fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the

Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with the right to renew for successive one-year terms through fiscal year 2048 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 3.125 – 4 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The certificates of participation were issued at a discount of $119,227. This discount will be amortized over 30 years using the straight line method.

The term bonds mature on December 1, 2042 and 2047 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption as follows:

	Issue	
Fiscal Year	$3,530,000	$4,190,000
2038	$660,000	$0
2039	680,000	0
2040	705,000	0
2041	730,000	0
2043	0	780,000
2044	0	810,000
2045	0	840,000
2046	0	865,000
Total mandatory sinking fund payment:	2,775,000	3,295,000
Amount due at stated maturity	755,000	895,000
Total	$3,530,000	$4,190,000
Stated Maturity	12/1/2042	12/1/2047

On October 25, 2019, the School District issued $22,000,000 in Certificates of Participation (COPS) for the purpose of building new facilities, which included $8,845,000 in serial bonds and $13,155,000 in term bonds. The certificates of participation were issued for a thirty year period with final maturity in fiscal year 2050. The certificates will be paid from property taxes from the permanent improvement capital projects fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with the right to renew for successive one-year terms through fiscal year 2050 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 3 – 4 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The certificates of participation were issued at a premium of $497,681. This premium will be amortized over 30 years using the straight line method.

The term bonds mature on November 1, 2037, 2039, 2043 and 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption as follows:

	Issue			
Fiscal Year	$1,540,000	$1,655,000	$3,625,000	$6,335,000
2036	$755,000	$0	$0	$0
2038	0	815,000	0	0
2040	0	0	865,000	0
2041	0	0	895,000	0
2042	0	0	920,000	0
2044	0	0	0	975,000
2045	0	0	0	1,005,000
2046	0	0	0	1,040,000
2047	0	0	0	1,070,000
2048	0	0	0	1,105,000
Total mandatory sinking fund payment:	755,000	815,000	2,680,000	5,195,000
Amount due at stated maturity	785,000	840,000	945,000	1,140,000
Total	$1,540,000	$1,655,000	$3,625,000	$6,335,000
Stated Maturity	11/1/2037	11/1/2039	11/1/2043	11/1/2049

On June 29, 2022, the School District issued $14,500,000 in Certificates of Participation (COPS) ($5,000,000 in Series A and $9,500,000 in Series B) for the purpose of building new facilities, which included $8,900,000 in serial bonds and $5,600,000 in term bonds. The certificates of participation were issued for a sixteen year period with final maturity in fiscal year 2038. The certificates will be paid from property taxes from the general fund. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with the right to renew for successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.0 – 5.0 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The certificates of participation were issued at a net premium of $417,169. This premium will be amortized over 16 years using the straight line method.

The term bonds mature on November 1, 2037 and December 1, 2037 and are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption as follows:

	Series A Issue	Series B Issue
Fiscal Year	$1,925,000	$3,675,000
2033	$355,000	$675,000
2034	370,000	705,000
2035	385,000	735,000
2036	400,000	765,000
Total mandatory sinking fund payment:	1,510,000	2,880,000
Amount due at stated maturity:	415,000	795,000
Total	$1,925,000	$3,675,000
Stated Maturity	11/1/2037	12/1/2037

The School District has $21,006,896 in unspent proceeds (before related contracts and retainage payables of $4,340,556 and $1,022,774, respectively).

There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, recreation, other grants, public preschool, title VI-B, title I, class size reduction and miscellaneous federal grant special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 11 and 12. Compensated absences will be paid from the general fund and the food service, recreation, other grants, public preschool, ESSER, title VI-B, title I and class size reduction special revenue funds. The leases will be paid from the general fund.

The overall debt margin of the School District as of June 30, 2023, was $0 with an unvoted debt margin of $398,539. Pursuant to Section 133.06(I) of the Revised Code, a school district may incur net indebtedness in excess of the 9 percent limitation when necessary to raise the school district's portion of the basic project cost and any additional funds necessary to participate in a project under Chapter 3318 of the Revised Code, including the costs of items designated by the Ohio Facilities Construction Commission. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2023, are as follows:

	General Obligation Bonds					
	Serial		Term		Capital Appreciation	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest
2024	$1,870,000	$273,824	$0	$1,477,963	$237,712	$317,288
2025	1,905,000	225,887	490,000	1,471,909	179,748	375,252
2026	195,000	197,800	500,000	1,459,677	135,914	419,086
2027	210,000	189,700	500,000	1,446,720	102,769	452,231
2028	225,000	52,500	500,000	1,433,160	77,706	477,294
2029-2033	3,070,000	563,375	555,000	7,124,344	162,182	2,057,818
2034-2038	845,000	44,375	6,735,000	6,527,205	0	0
2039-2043	0	0	9,955,000	4,904,909	0	0
2044-2048	0	0	10,940,000	3,022,138	0	0
2049-2052	0	0	10,485,000	684,988	0	0
Total	$8,320,000	$1,547,461	$40,660,000	$29,553,013	$896,031	$4,098,969

	Certificates of Participation			
	Serial		Term	
Fiscal Year	Principal	Interest	Principal	Interest
2024	$1,530,000	$882,718	$0	$912,169
2025	1,590,000	820,319	0	912,169
2026	1,645,000	755,619	0	912,169
2027	1,720,000	688,318	0	912,169
2028	1,785,000	618,219	0	912,169
2029-2033	10,075,000	1,956,658	0	4,560,845
2034-2038	5,095,000	376,713	7,140,000	3,957,845
2039-2043	0	0	7,865,000	2,515,196
2044-2048	0	0	9,225,000	1,129,991
2049-2050	0	0	2,245,000	70,701
Total	$23,440,000	$6,098,564	$26,475,000	$16,795,423

The School District has an outstanding agreement to lease administrative office space from the City of Warrensville Heights. The future lease payments were discounted based on the interest rate implicit in the leases. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

	Leases	
	Principal	Interest
2024	$102,914	$29,606
2025	104,020	28,500
2026	105,138	27,382
2027	106,268	26,253
2028	107,410	25,110
2029 - 2033	571,394	107,772
2034 - 2038	636,781	75,515
2039 - 2043	705,758	39,667
2044 - 2046	375,780	5,213
Total	$2,815,463	$365,018

Note 18 – Significant Commitments

Contractual Commitments

At June 30, 2023, the School District had the following contract balances for various construction projects:

Contractor	Amount Outstanding
Infinity Construction	$6,047,673
Coleman Spohn Corporation	1,257,330
Osborn Engineering	35,500
Total	$7,340,503

All remaining commitment amounts were encumbered at fiscal year-end. The amounts of $4,340,556 and $1,022,774 in contracts and retainage payable for governmental activities, respectively, have been capitalized.

Encumbrances

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

General	$2,057,401
ESSER	4,320
Building	10,412,678
Classroom Facilities	4,572,979
Other Governmental Funds	806,853
Total	$17,854,231

Note 19 – Fund Balances

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

Fund Balances	General	Elementary and Secondary School Emergency Relief	Building	Classroom Facilities	Other Governmental Funds	Total
Nonspendable						
Prepaids	$50,284	$0	$0	$0	$913	$51,197
Unclaimed Monies	50,336	0	0	0	0	50,336
Total Nonspendable	100,620	0	0	0	913	101,533
Restricted for:						
Continuous Improvement Programs	3,313	0	0	0	0	3,313
Professional Development	2,970	0	0	0	0	2,970
Improving Reading Proficiency	103	0	0	0	0	103
Food Service Operations	0	0	0	0	526,853	526,853
Scholarships	0	0	0	0	12,581	12,581
Recreation Programs	0	0	0	0	38,142	38,142
Student Activities and Wellness	0	0	0	0	146,943	146,943
Athletics and Music	0	0	0	0	204,334	204,334
Classroom Facilities	0	0	0	0	1,021,036	1,021,036
Debt Service Payments	0	0	0	0	7,487,042	7,487,042
Capital Improvements	0	0	10,070,634	5,395,787	2,539,814	18,006,235
Other Purposes	0	0	0	0	20,784	20,784
Total Restricted	6,386	0	10,070,634	5,395,787	11,997,529	27,470,336
Committed to:						
Administration/Business	53,993	0	0	0	0	53,993
Educational Services	218,440	0	0	0	0	218,440
Financial Services	32,047	0	0	0	0	32,047
Total Committed	304,480	0	0	0	0	304,480
Assigned to:						
Purchases on Order:						
Instruction	379,670	0	0	0	0	379,670
Support Services	1,203,767	0	0	0	0	1,203,767
Administrative Support	17,060	0	0	0	0	17,060
Total Assigned	1,600,497	0	0	0	0	1,600,497
Unassigned (Deficit)	51,992,342	(959,826)	0	0	(1,255,137)	49,777,379
Total Fund Balances (Deficit)	$54,004,325	($959,826)	$10,070,634	$5,395,787	$10,743,305	$79,254,225

Note 20 – Interfund Balances and Transfers

Interfund Balances

Interfund balances at June 30, 2023, consisted of the following:

Interfund Payable	Interfund Receivable General
Major Fund:	
ESSER	$720,000
Other Governmental Funds:	
Other Grants	279,000
Public School Preschool	360,000
Vocational Education Enhancement	13,000
21st Century	300,000
Title VI-B	341,000
Title I	825,000
Drug Free Schools	62,000
Improving Teacher Quality	67,000
Total Other Governmental Funds	2,247,000
Total All Funds	$2,967,000

Interfund receivables/payables between the general fund and all other governmental funds are due to the timing of the receipt of grant monies. The general fund provides temporary funding of the programs until the grant dollars are received.

Interfund Transfers

The general fund transferred $21,612 to building capital projects fund to help with capital projects and other purchases. The general fund transferred $385,758 to other governmental funds to help provide funding for the fiscal year. The permanent improvement capital projects fund transferred $199,270 to other governmental funds for maintenance fund reserves.

Note 21 – Set-Aside Calculation

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

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

	Capital Improvements
Set-aside Balance as of June 30, 2022	$0
Add: Current Year Set-aside Requirement	361,648
Permanent Improvement Levy Offset During the Fiscal Year	(2,103,176)
Qualifying Disbursements	(1,469,661)
Total	($3,211,189)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2023	$0

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

Note 22 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principles

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

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

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

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District's 2023 financial statements. The School District did not have any contracts that met the GASB 96 definition of a SBITA, other than short-term SBITAs.

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

Restatement to Net Position

During fiscal year 2023, it was determined the OFCC receivable as of June 30, 2022 was overstated. This change resulted in a restatement to net position as reported at June 30, 2022.

Net Position at June 30, 2022	$63,428,370
Change to OFCC Receivable	(466,200)
Restated Net Position at June 30, 2022	$62,962,170

Note 23 – COVID-19

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

Required Supplementary Information

Warrensville Heights City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.15623100%	0.14893140%	0.15820040%	0.16414970%
School District's Proportionate Share of the Net Pension Liability	$8,450,188	$5,495,137	$10,463,707	$9,821,364
School District's Covered Payroll	$5,866,021	$5,157,321	$5,583,700	$5,270,274
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.05%	106.55%	187.40%	186.35%
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 School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.14981700%	0.18041600%	0.15536060%	0.15431310%	0.15124500%	0.15124500%
$8,580,298	$10,779,456	$11,370,962	$8,805,256	$7,654,424	$8,994,055
$5,345,281	$4,708,336	$4,842,700	$4,697,481	$4,397,536	$4,258,153
160.52%	228.94%	234.81%	187.45%	174.06%	211.22%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.14968370%	0.14167920%	0.15484610%
School District's Proportionate Share of the Net OPEB Liability	$2,101,575	$2,681,395	$3,365,313
School District's Covered Payroll	$5,866,021	$5,157,321	$5,583,700
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.83%	51.99%	60.27%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.16136420%	0.15146240%	0.17801760%	0.15070230%
$4,057,970	$4,201,977	$4,777,525	$4,295,573
$5,270,274	$5,345,281	$4,708,336	$4,842,700
77.00%	78.61%	101.47%	88.70%
15.57%	13.57%	12.46%	11.49%

Warrensville Heights City School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.10614457%	0.10385790%	0.09984210%	0.09689098%
School District's Proportionate Share of the Net Pension Liability	$23,596,072	$13,279,166	$24,158,234	$21,426,857
School District's Covered Payroll	$13,496,914	$13,066,729	$12,126,436	$11,518,307
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.83%	101.63%	199.22%	186.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.09362564%	0.09376547%	0.09477336%	0.09901681%	0.10515902%	0.10515902%
$20,586,176	$22,274,189	$31,723,502	$27,365,351	$25,578,313	$30,468,719
$10,688,029	$9,943,436	$10,019,057	$10,251,643	$10,722,654	$11,462,500
192.61%	224.01%	316.63%	266.94%	238.54%	265.81%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Warrensville Heights City School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Asset/Liability	0.10614457%	0.10385790%	0.09984210%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($2,748,437)	($2,189,760)	($1,754,722)
School District's Covered Payroll	$13,496,914	$13,066,729	$12,126,436
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-20.36%	-16.76%	-14.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.09689098%	0.09362564%	0.09376547%	0.09477336%
($1,604,746)	($1,504,468)	$3,658,382	$5,068,504
$11,518,307	$10,688,029	$9,943,436	$10,019,057
-13.93%	-14.08%	36.79%	50.59%
174.70%	176.00%	47.10%	37.30%

Warrensville Heights City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$887,780	$821,243	$722,025	$781,718
Contributions in Relation to the Contractually Required Contribution	(887,780)	(821,243)	(722,025)	(781,718)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$6,341,286	$5,866,021	$5,157,321	$5,583,700
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	$66,650	$46,278	$36,125	$55,404
Contributions in Relation to the Contractually Required Contribution	(66,650)	(46,278)	(36,125)	(55,404)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.05%	0.79%	0.70%	0.99%
Total Contributions as a Percentage of Covered Payroll (1)	15.05%	14.79%	14.70%	14.99%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$711,487	$721,613	$659,167	$677,978	$619,128	$609,498
(711,487)	(721,613)	(659,167)	(677,978)	(619,128)	(609,498)
$0	$0	$0	$0	$0	$0
$5,270,274	$5,345,281	$4,708,336	$4,842,700	$4,697,481	$4,397,536
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$92,707	$106,212	$73,605	$47,345	$80,475	$56,888
(92,707)	(106,212)	(73,605)	(47,345)	(80,475)	(56,888)
$0	$0	$0	$0	$0	$0
1.76%	1.99%	1.56%	0.98%	1.71%	1.29%
15.26%	15.49%	15.56%	14.98%	14.89%	15.15%

Warrensville Heights City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$2,014,594	$1,889,568	$1,829,342	$1,697,701
Contributions in Relation to the Contractually Required Contribution	(2,014,594)	(1,889,568)	(1,829,342)	(1,697,701)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$14,389,957	$13,496,914	$13,066,729	$12,126,436
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$1,612,563	$1,496,324	$1,392,081	$1,402,668	$1,435,230	$1,393,945
(1,612,563)	(1,496,324)	(1,392,081)	(1,402,668)	(1,435,230)	(1,393,945)
$0	$0	$0	$0	$0	$0
$11,518,307	$10,688,029	$9,943,436	$10,019,057	$10,251,643	$10,722,654
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$107,227
0	0	0	0	0	(107,227)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Changes in Assumptions - STRS

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

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

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Changes in Benefit Term – STRS

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

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

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

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

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

Changes in Benefit Terms – STRS

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

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

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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SUPPLEMENTARY INFORMATION

WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Ohio Department of Education and Workforce			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2023	$ 424,527
National School Lunch Program - Food Donation	10.555	2023	55,449
National School Lunch Program	10.555	2022	235,655
National School Lunch Program	10.555	2023	664,516
COVID-19 - National School Lunch Program	10.555	COVID-19, 2023	34,943
Total National School Lunch Program			990,563
Fresh Fruit and Vegetable Program	10.582	2023	6,560
Total Child Nutrition Cluster			1,421,650
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	3,135
Total U.S. Department of Agriculture			1,424,785
U.S. DEPARTMENT OF EDUCATION			
Passed through the Ohio Department of Education and Workforce			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	170,805
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	1,336,609
Title I Grants to Local Educational Agencies - Title I Non-competitive, Supplemental School Improvement	84.010A	84.010A, 2023	28,674
Title I Grants to Local Educational Agencies - School Quality Improvement	84.010A	84.010A, 2023	48,978
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2022	1,118
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2023	6,692
Total Title I Grants to Local Educational Agencies			1,592,876
Special Education Cluster (IDEA):			
Special Education_Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	66,729
Special Education_Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	507,079
COVID-19 - Special Education_Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	48,892
Total Special Education_Grants to States (IDEA, Part B)			622,700
Special Education_Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2022	4,505
Special Education_Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2023	12,170
Total Special Education_Preschool Grants			16,675
Total Special Education Cluster (IDEA)			639,375
Twenty-First Century Community Learning Centers	84.287A	84.287A, 2022	65,527
Twenty-First Century Community Learning Centers	84.287A	84.287A, 2023	189,280
Total Twenty-First Century Community Learning Centers			254,807
Consortium Amount Passed/Transferred to the Educational Service Center of Northeast Ohio			
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	2,822
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	37,176
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	121,802
Total Supporting Effective Instruction State Grants			158,978
Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	10,452
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	112,822
Total Student Support and Academic Enrichment Program			123,274
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	5,106,234
Total U.S. Department of Education			7,878,366
Total Federal Financial Assistance			$ 9,303,151

The accompanying notes are an integral part of this schedule.

WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Warrensville Heights City School District under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. 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 Warrensville Heights City School District, it is not intended to and does not present the financial position or changes in net position of the Warrensville Heights City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Warrensville Heights City School District has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

NOTE 5 – PASS-THROUGH FUNDS

The Warrensville Heights City School District was awarded federal program allocations to be administered on their behalf by the Educational Service Center of Northeast Ohio. For fiscal year 2023 the Warrensville Heights City School District's allocations were as follows:
English Language Acquisition State Grants (ALN 84.365A) $2,822

Julian & Grube

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

Warrensville Heights City School District
Cuyahoga County
4743 Richmond Road
Warrensville Heights, Ohio 44128

To the Members of 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Warrensville Heights City School District, Cuyahoga County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Warrensville Heights City School District's basic financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 30, 2024

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**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance
Required by the Uniform Guidance**

Warrensville Heights City School District
Cuyahoga County
4743 Richmond Road
Warrensville Heights, Ohio 44128

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Warrensville Heights City School District's 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 the Warrensville Heights City School District's major federal programs for the fiscal year ended June 30, 2023. The Warrensville Heights City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Warrensville Heights City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Warrensville Heights City School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Warrensville Heights City School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Warrensville Heights City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Warrensville Heights City School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Warrensville Heights City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Warrensville Heights City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Warrensville Heights City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 30, 2024

WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	*Type of Financial Statement Opinion*	Unmodified
*(d)(1)(*ii)	*Were there any material control weaknesses reported at the financial statement level (GAGAS)?*	No
(d)(1)(ii)	*Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material noncompliance at the financial statement level (GAGAS)?*	No
(d)(1)(iv)	*Were there any material internal control weaknesses reported for major federal programs?*	No
(d)(1)(iv)	*Were there any significant deficiencies in internal control reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Program's Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR §200.516(a)?*	No
(d)(1)(vii)	*Major Programs (listed):*	COVID-19 – Education Stabilization Fund (ALN 84.425); Title I Grants to Local Educational Agencies (ALN 84.010)
(d)(1)(viii)	*Dollar Threshold: Type A/B Programs*	Type A: > $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR § 200.520?*	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

WARRENSVILLE HEIGHTS CITY SCHOOL DISTRICT

CUYAHOGA 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

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