



**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT  
FULTON COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT  
FULTON COUNTY  
JUNE 30, 2024**

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## INDEPENDENT AUDITOR'S REPORT

Wauseon Exempted Village School District  
Fulton County  
930 East Oak Street  
Wauseon, Ohio 43567-2223

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Adverse Opinion***

We have audited the financial statements of the cash balances, receipts and disbursements for each governmental fund type of Wauseon Exempted Village School District, Fulton County, Ohio (the District), as of and for the year ended June 30, 2024, and related notes to the financial statements.

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on the Financial Statements as a Whole* section of our report, the accompanying financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District, as of June 30, 2024, or the changes in financial position thereof for the year then ended.

#### ***Basis for Adverse Opinion on the Financial Statements as a Whole***

As described in Note 2 of the financial statements, the financial statements are prepared by the District on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. However, Ohio Administrative Code Section 117-2-03(B) requires these statements to follow accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumably material and pervasive.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the District's financial statements.

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

Because of the significance of the matter described in the *Basis for Adverse Opinion on the Financial Statements as a Whole* paragraph, it is inappropriate to express, and we do not express an opinion on the supplementary information referred to above.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 1, 2025

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**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances*  
*All Governmental Fund Types*  
*For the Fiscal Year Ended June 30, 2024*

	Governmental Fund Types				Total
	General	Special Revenue	Debt Service	Capital Projects	(Memorandum Only)
<b>CASH RECEIPTS:</b>					
Property Taxes	\$ 6,343,904	\$ 91,851	\$ 1,062,655	\$ 1,120,634	\$ 8,619,044
Income Taxes	3,776,446	-	-	-	3,776,446
Intergovernmental	13,764,557	1,572,928	141,103	143,315	15,621,903
Investment Income	571,290	44,222	-	-	615,512
Tuition and Fees	173,529	-	-	-	173,529
Extracurricular Activities	-	469,518	-	-	469,518
Rent	248	-	-	-	248
Charges for Services	-	364,835	-	-	364,835
Gifts and Contributions	200	27,552	-	-	27,752
Miscellaneous	105,148	-	-	-	105,148
<b>Total Cash Receipts</b>	<b>24,735,322</b>	<b>2,570,906</b>	<b>1,203,758</b>	<b>1,263,949</b>	<b>29,773,935</b>
<b>CASH DISBURSEMENTS:</b>					
Instruction:					
Regular	9,132,069	224,619	-	600,650	9,957,338
Special	2,884,008	726,062	-	-	3,610,070
Vocational	361,542	-	-	-	361,542
Other	21,518	-	-	-	21,518
Support Services:					
Pupils	1,257,803	-	-	-	1,257,803
Instructional Staff	471,906	2,177	-	-	474,083
Board of Education	31,122	-	-	-	31,122
Administration	1,678,232	-	-	-	1,678,232
Fiscal	1,162,813	1,949	23,177	23,633	1,211,572
Operation and Maintenance of Plant	1,601,970	343,835	-	122,235	2,068,040
Pupil Transportation	1,016,933	-	-	285,444	1,302,377
Central	253,832	-	-	-	253,832
Operation of Non-Instructional Services:					
Food Service	-	845,695	-	-	845,695
Community Service	-	27,589	-	-	27,589
Extracurricular Activities	630,663	491,515	-	-	1,122,178
Capital Outlay	-	-	-	46,498	46,498
Debt Service:					
Principal Retirement	247,000	-	761,000	75,000	1,083,000
Interest and Fiscal Charges	73,315	-	323,252	26,978	423,545
<b>Total Cash Disbursements</b>	<b>20,824,726</b>	<b>2,663,441</b>	<b>1,107,429</b>	<b>1,180,438</b>	<b>25,776,034</b>
<b>Excess of Cash Disbursements Over/(Under)</b>					
<b>Cash Receipts</b>	<b>3,910,596</b>	<b>(92,535)</b>	<b>96,329</b>	<b>83,511</b>	<b>3,997,901</b>
<b>OTHER FINANCING RECEIPTS (DISBURSEMENTS):</b>					
Advances In	-	13,603	-	-	13,603
Advances Out	(13,603)	-	-	-	(13,603)
Transfers In	-	-	-	375,000	375,000
Transfers Out	(375,000)	-	-	-	(375,000)
<b>Total Other Financing Receipts (Disbursements)</b>	<b>(388,603)</b>	<b>13,603</b>	<b>-</b>	<b>375,000</b>	<b>-</b>
<b>Net Change in Fund Cash Balances</b>	<b>3,521,993</b>	<b>(78,932)</b>	<b>96,329</b>	<b>458,511</b>	<b>3,997,901</b>
<b>Fund Cash Balances, July 1, 2023.</b>	<b>2,093,422</b>	<b>2,352,646</b>	<b>1,858,950</b>	<b>2,829,209</b>	<b>9,134,227</b>
<b>Fund Cash Balances, June 30, 2024:</b>					
Restricted	-	2,273,714	1,955,279	2,912,720	7,141,713
Committed	136,000	-	-	125,000	261,000
Assigned	50,130	-	-	250,000	300,130
Unassigned	5,429,285	-	-	-	5,429,285
<b>Total Fund Cash Balances, June 30, 2024</b>	<b>\$ 5,615,415</b>	<b>\$ 2,273,714</b>	<b>\$ 1,955,279</b>	<b>\$ 3,287,720</b>	<b>\$ 13,132,128</b>

See accompanying notes to the basic financial statements.

**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

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

The School District was established in 1865 through the consolidation of existing land areas and school districts. The School District serves an area of approximately fifty-four square miles. It is located in Fulton County, and includes all of the City of Wauseon and portions of Clinton, Dover, and York Townships. The School District currently operates four instructional buildings.

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

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

***Reporting Entity***

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) 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 (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The financial statements of the reporting entity include only those of the School District (the primary government).

**Wauseon Exempted Village School District  
Fulton County, Ohio**

*Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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The following organizations are described due to their relationship to the School District:

**Jointly Governed Organizations**

**Northwest Ohio Computer Association** – The School District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a computer consortium. NWOCA is an association of education entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Financial information can be obtained from Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

**Northern Buckeye Education Council** – The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Tammy Butler, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

**Four County Career Center** – The Four County Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a board consisting of five representatives from the Northwest Ohio Educational Service Center and one representative from the participating school districts elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Four County Career Center, 22-900 State Route 34, Archbold, Ohio 43502.

**Insurance Pools**

**Ohio School Plan** – The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. Members of the Plan include public school districts, educational service centers, joint vocational schools, centers of government, boards of developmental disabilities and community colleges in the state of Ohio, which are eligible to participate under applicable statute, ruling, or law subject to certain underwriting standards as deemed appropriate by the Plan and its administrator.

**Wauseon Exempted Village School District  
Fulton County, Ohio**

*Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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**Employee Insurance Benefits Program** - The District participated in the Northern Buckeye Health Plan - Northwest Division of the Optimal Health Initiative Consortium (OHI), a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. Financial information for the period can be obtained from Charlie Leboeuf, Treasurer, at 201 East 5th Street, Suite 1200, Cincinnati, Ohio 45202. Participation ended December 31, 2021. The District now purchases medical insurance from Paramount Health Care, a fully insured plan. Dental insurance is purchased from Delta Dental and vision insurance is purchased from Vision Service Plan. The District utilizes the services of Butler Capital as Broker/Consultant to purchase health, dental, and vision plans.

**Northern Buckeye Education Council Workers' Compensation Group Rating Plan** – The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the NBEC and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**Related Organization**

**Wauseon Public Library** – The Wauseon Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Wauseon Exempted Village School District Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Wauseon Public Library, 117 East Elm Street, Wauseon, Ohio 43567.

***Basis of Presentation***

The School District's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances for all governmental fund types, which are organized on a fund type basis.

***Fund Accounting***

The School District maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the specific recording of receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The constraints associated with each type of fund are as follows:

**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**Governmental Funds**

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

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The School District had the following significant special revenue funds:

***Food Service Fund*** – This fund is used to record financial transactions related to food service operation.

**Debt Service Funds** – This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment. The School District's only debt service fund is the Bond Retirement Fund.

**Capital Projects Funds** – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The School District had the following significant capital project fund:

***Permanent Improvement Fund*** – This fund accounts for all transactions related to the acquiring, constructing or improving facilities.

***Basis of Accounting***

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the School District has chosen to prepare its financial statements and notes in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and cash disbursements basis of accounting. Receipts are recognized when received in cash rather than when they are earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***Budgetary Process***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in Note 4 reflect the amounts in the final amended certificate issued during fiscal year 2024.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. 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.

***Deposits and Investments***

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

The School District invests in negotiable certificates of deposit, federal agency securities, a money market account and STAR Ohio. Investments are reported at cost, except for the money market fund and STAR Ohio. The money market fund is recorded at amount reported by UBS Financial at June 30, 2024.

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

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

**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***Capital Assets***

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

***Accumulated Leave***

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

***Employer Contributions to Cost-Sharing Pension Plans***

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

***Pension and Other Postemployment Benefits (OPEB)***

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

***Leases***

The School District is the lessee in various leases. Lease receivables/payables are not reflected under the School District's modified cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

***Long-term Obligations***

The School District's regulatory cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, Subscription-Based Information Technology Arrangements (SBITA) or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

***Total Columns on Financial Statements***

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.



**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). 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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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



**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**NOTE 3 – COMPLIANCE**

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

**NOTE 4 – BUDGETARY ACTIVITY**

Budgetary activity for the fiscal year ending June 30, 2024 follows:

2024 Budgeted vs Actual Receipts			
	Budget	Actual	
	Receipts	Receipts	Variance
General	\$ 24,862,822	\$ 24,735,322	\$ (127,500)
Special Revenue	2,568,123	2,584,509	16,386
Debt Service	1,203,758	1,203,758	-
Capital Projects	1,638,949	1,638,949	-

  

2024 Appropriation vs Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
	Authority	Expenditures	Variance
General	\$ 21,431,989	\$ 21,233,229	\$ 198,760
Special Revenue	2,831,673	2,818,715	12,958
Debt Service	1,107,429	1,107,429	-
Capital Projects	1,239,721	1,239,721	-

**NOTE 5 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain banker's acceptance and commercial paper notes for a period not to exceed 180 days and 270 days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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The School District maintains a cash and investment pool used by all funds.

At fiscal year-end, the School District's deposits were fully insured by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, all deposits were covered by FDIC. The School District's financial institution was approved for a reduced collateral rate of 105 percent through the Ohio Pooled Collateral System. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the 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 (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total 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, 2024, the School District had the following investments:

Investment Type	% of Total	Cost	Investment Maturities			
			6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
STAR Ohio	9%	\$ 285,734	\$ 285,734	\$ -	\$ -	\$ -
U.S. Government Money Market	1%	28,759	28,759	-	-	-
FHLMC	7%	245,868	-	245,868	-	-
FHLB	7%	237,684	-	-	237,685	-
U.S. Treasury Bills	18%	589,604	-	589,604	-	-
Negotiable CD's	58%	1,933,856	716,128	243,194	490,815	483,718
Total	100%	\$ 3,321,505	\$ 1,030,621	\$ 1,078,666	\$ 728,500	\$ 483,718

***Interest Rate Risk*** Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

***Credit Risk*** The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization.

***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.

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**NOTE 6 – FUND BALANCE**

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

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Fund	Total
Restricted for:					
Capital Projects	\$ -	\$ -	\$ -	\$ 2,912,720	\$ 2,912,720
Debt Service	-	-	1,955,279	-	1,955,279
Classroom Facilities Maintenance	-	743,268	-	-	743,268
Food Service	-	607,778	-	-	607,778
Extracurricular Activities	-	444,951	-	-	444,951
Student Scholarships	-	462,527	-	-	462,527
Other Purposes	-	15,190	-	-	15,190
Total Restricted	-	2,273,714	1,955,279	2,912,720	7,141,713
Committed to:					
Underground Storage Tank	11,000	-	-	-	11,000
Severance	125,000	-	-	-	125,000
Capital Projects	-	-	-	125,000	125,000
Total Committed	136,000	-	-	125,000	261,000
Assigned for:					
Encumbrances:					
Instructional	10,649	-	-	-	10,649
Support Services	9,251	-	-	-	9,251
Public School Support	29,591	-	-	-	29,591
Capital Projects	-	-	-	250,000	250,000
Other Purposes	639	-	-	-	639
Total Assigned	50,130	-	-	250,000	300,130
Unassigned (deficit)	5,429,285	-	-	-	5,429,285
Total Fund Cash Balance	\$ 5,615,415	\$ 2,273,714	\$ 1,955,279	\$ 3,287,720	\$ 13,132,128

**NOTE 7 – TAXES**

***Property Taxes***

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment

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is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2022, were levied after April 1, 2023, and are collected in 2024 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Fulton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, 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.

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 214,553,520	93.01%	\$ 273,057,880	94.26%
Public Utility	16,116,950	6.99%	16,636,940	5.74%
	<u>\$ 230,670,470</u>	<u>100.00%</u>	<u>\$ 289,694,820</u>	<u>100.00%</u>
Full Tax Rate per \$1,000 of assessed value	<u>\$ 38.68</u>		<u>\$ 40.04</u>	

***Income Taxes***

On May 4, 2022, the voters approved a 1.75 percent earned income tax levy for general operations. The tax is in effect for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts will be recorded in the General Fund.

**NOTE 8 – RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted for the following insurance coverage.

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

For fiscal year 2024, the School District participated in the Ohio School Plan (“the Plan”), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

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The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**NOTE 9 – LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Amounts Due in One Year
<b>General Obligation Bonds:</b>					
Series 2015 Refunding					
Current Interest	\$ 7,925,000	\$ -	\$ 40,000	\$ 7,885,000	\$ 40,000
Capital Appreciation	634,996	-	-	634,996	-
Accreted Interest	143,009	21,262	-	164,271	-
Series 2021 Refunding	2,194,000	-	721,000	1,473,000	737,000
<b>Total General Obligation Bonds</b>	<b>10,897,005</b>	<b>21,262</b>	<b>761,000</b>	<b>10,157,267</b>	<b>777,000</b>
<b>Direct Borrowing:</b>					
2018 Lease-Purchase Obligation	855,000	-	75,000	780,000	75,000
<b>Direct Placement:</b>					
2020 Lease-Purchase Obligation	3,518,000	-	247,000	3,271,000	252,000
<b>Total Obligations</b>	<b>\$15,270,005</b>	<b>\$ 21,262</b>	<b>\$1,083,000</b>	<b>\$14,208,267</b>	<b>\$1,104,000</b>

**Classroom Facilities and Improvement Refunding Bonds - Series 2015** - On November 19, 2015, the School District issued general obligation bonds (series 2015 refunding bonds) to advance refund a portion of the series 2007 current interest general obligation bonds. The issuance proceeds of \$9,457,084 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance). The defeased debt was retired on June 1, 2017.

The refunding issue is comprised of both current interest bonds, par value \$8,145,000, and capital appreciation bonds, par value \$634,996. The interest rate on the current interest bonds ranges from 2.00-4.00 percent. The capital appreciation bonds mature on December 1, 2026 (approximate initial offering yield to maturity 2.90 percent) at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$855,000. The bonds will be retired through the bond retirement fund.

Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2034.

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**Classroom Facilities and Improvement Refunding Bonds - Series 2021** - On September 3, 2021, the School District issued general obligation bonds (series 2021 refunding bonds) to advance refund a portion of the series 2014 current interest general obligation bonds. The issuance proceeds of \$2,235,000 used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance). The interest rate on the current interest bonds is 0.93 percent. The bonds will be retired through the bond retirement fund.

The net carrying amount of the old debt exceeded the reacquisition price by \$135,686 and provided an economic gain of \$96,869 to the School District. Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2025.

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ended	Current Interest Bonds		Capital Appreciation Bonds		Total
	Principal	Interest	Principal	Interest	
2025	\$ 777,000	\$ 315,471	\$ -	\$ -	\$ 1,092,471
2026	776,000	307,622	-	-	1,083,622
2027	-	303,700	634,996	220,004	1,158,700
2028	850,000	290,950	-	-	1,140,950
2029	880,000	260,600	-	-	1,140,600
2030-2034	4,960,000	734,600	-	-	5,694,600
2035	1,115,000	22,300	-	-	1,137,300
Total	<u>\$ 9,358,000</u>	<u>\$ 2,235,243</u>	<u>\$ 634,996</u>	<u>\$ 220,004</u>	<u>\$ 12,448,243</u>

**2018 Lease-Purchase Agreement** - On March 7, 2018, the School District entered into a lease-purchase agreement with the Branch Banking and Trust Company. This agreement provided the School District with \$1,200,000 of issuance proceeds for the purpose of constructing, furnishing and equipping a new administrative facility on the high school campus. The lease-purchase agreement bears an interest rate of 3.3 percent and matures on December 1, 2032. The agreement contains a provision that in an event of default the School District must account for all transactions related to the lease proceeds and return any sums remaining and/or return possession of all leased property and equipment including being responsible for lease payments until sold, leased or subleased. The lease-purchase agreement will be retired through the permanent improvement fund.

The following is a summary of the future debt service requirements to maturity for the 2018 lease-purchase agreement:

Fiscal Year Ended	2018 Lease Purchase Obligation		Total
	Principal	Interest	
2025	\$ 75,000	\$ 24,502	\$ 99,502
2026	80,000	21,945	101,945
2027	80,000	19,305	99,305
2028	85,000	16,583	101,583
2029	85,000	13,777	98,777
2030-2033	375,000	25,328	400,328
Total	<u>\$ 780,000</u>	<u>\$ 121,440</u>	<u>\$ 901,440</u>



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**2020 Lease-Purchase Agreement** - On August 21, 2020, the School District entered into a lease-purchase agreement with Zions Bancorporation. This agreement provided the School District with \$3,174,000 of issuance proceeds for the purpose of a new equipment lease purchase and refunded the existing energy conservation project with proceeds of \$821,000. The lease-purchase agreement bears an interest rate of 2.16 percent and matures on September 1, 2035. The agreement contains a provision that in an event of default the School District must account for all transactions related to the lease proceeds and return any sums remaining and/or return possession of all leased property and equipment including being responsible for lease payments until sold, leased or subleased. The lease-purchase agreement will be retired through the General fund.

The following is a summary of the future debt service requirements to maturity for the 2020 lease-purchase agreement:

Fiscal Year Ended	2020 Lease Purchase Obligation		Total
	Principal	Interest	
2025	\$ 252,000	\$ 67,932	\$ 319,932
2026	258,000	62,424	320,424
2027	264,000	56,786	320,786
2028	269,000	51,030	320,030
2029	275,000	45,155	320,155
2030-2034	1,468,000	133,013	1,601,013
2035-2036	485,000	10,530	495,530
Total	<u>\$ 3,271,000</u>	<u>\$ 426,870</u>	<u>\$ 3,697,870</u>

**NOTE 10 – DEFINED BENEFIT PENSION PLANS**

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

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.



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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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the modified cash basis framework.

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

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit 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, may be included in this plan.

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$415,128 for fiscal year 2024.

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

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined 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, a one-time 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. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

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

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$1,391,941 for fiscal year 2024.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers.

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Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0640904%	0.07045174%	
Prior Measurement Date	0.0652884%	0.07216325%	
Change in Proportionate Share	<u>-0.0011980%</u>	<u>-0.00171151%</u>	
Proportionate Share of the Net Pension Liability	\$ 3,541,324	\$ 15,171,739	\$ 18,713,063

***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. Future benefits for all current plan members were projected through 2137.

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, 2023, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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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 two 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 five years and adjusted 103.3 percent for males and set forward three 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. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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***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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District'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	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 5,226,814	\$ 3,541,324	\$ 2,121,621

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
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

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.

Actuarial assumptions used in the June 30, 2023 valuation, were based on the results of the latest available actuarial experience study, which is 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 %	

\*Final target weights reflected at October 1, 2022.



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\*\*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, 2023. 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, 2023. 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, 2023.

**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	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 23,330,776	\$ 15,171,739	\$ 8,271,425

**Assumption and Benefit Changes Since the Prior Measurement Date** The discount rate remained at 7.00 percent for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

#### **NOTE 11 – DEFINED BENEFIT OPEB PLANS**

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

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

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

**Health Care Plan Description** - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who

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are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$40,500.

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 equal to its surcharge obligation for fiscal year 2024.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.



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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability (Asset)***

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.0658402%	0.07045174%
Prior Measurement Date	0.0665363%	0.07216325%
Change in Proportionate Share	<u>-0.0006961%</u>	<u>-0.00171151%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,084,681	\$ (1,370,189)

***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.

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Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

Inflation	2.40 percent
Future Salary Increases, Including Inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate:	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	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. Mortality rates are projected using a fully generational projection with Scale MP-2020

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 on April 15, 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 (expected return, net of investment expense and inflation) 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 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.

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The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, 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 was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

**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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,386,533	\$ 1,084,681	\$ 846,659
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 796,878	\$ 1,084,681	\$ 1,466,060

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***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 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 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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.

Actuarial assumptions used in the June 30, 2023, 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:

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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 %	

\*Final target weights reflected at October 1, 2022.

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2023, 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	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,159,686)	\$ (1,370,189)	\$ (1,553,515)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (1,562,022)	\$ (1,370,189)	\$ (1,139,129)

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**NOTE 12 - CONTINGENCIES**

***Grants***

The School District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District at June 30, 2024.

***Litigation***

The School District is not involved in any material litigation as either plaintiff or defendant.

***Foundation Funding***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) 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, DEW has finalized the impact of the enrollment adjustments for fiscal year 2024 Foundation funding for the School District. There is no effect on the financial statements.

**NOTE 13 – SET-ASIDES**

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

During fiscal year 2007, the School District issued \$18,835,000 in capital related school improvement bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvement set-aside balance to \$0. The School District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$18,824,475 at June 30, 2024.

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

	Capital Improvement Reserve
Balance, June 30, 2023	\$ -
Current Year Set-Aside Requirement	375,713
Current Year Offset	(1,407,863)
Total	<u>\$ (1,032,150)</u>
Balance Carried Forward to Fiscal Year 2025	<u>\$ -</u>
Set-Aside Balance June 30, 2024	<u>\$ -</u>

**NOTE 14 – SIGNIFICANT COMMITMENTS**

***Contractual Commitments***

As of June 30, 2024, the School District had the following contractual commitments.

Project	Contract	Expended	Remaining
PA Systems	\$ 182,510	\$ 64,135	\$ 118,375
Middle School Gym Lighting	6,500	1,914	4,586
Network Upgrade	25,003	-	25,003
Zero Turn Lawnmower	25,000	-	25,000
BoardBook Software	4,063	-	4,063
JET Planer/Jointer	2,899	-	2,899
Security Cameras	5,824	-	5,824
	<u>\$ 251,799</u>	<u>\$ 66,049</u>	<u>\$ 185,750</u>

***Encumbrance Commitments***

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

Fund Type	Amount
General	\$ 19,900
Special Revenue	155,274
Capital Projects	59,283
	<u>\$ 234,457</u>

**Wauseon Exempted Village School District**  
**Fulton County, Ohio**

*Notes to the Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**NOTE 15 – RELATED PARTY TRANSACTIONS**

Larry Zimmerman, a Board Member, is owner of Continental Plaza Marathon, a local company who provided fuel to the School District during fiscal year 2024. The School District remitted \$12,046 during fiscal year 2024. The purchases were approved at arm's length with full knowledge by School District officials, of Mr. Zimmerman's interest and Mr. Zimmerman took no part in the deliberation or decision by School District officials with respect to the purchase.

**NOTE 16 – INTERFUND BALANCES AND TRANSFERS**

***Transfers***

During fiscal year 2024, the general fund transferred \$375,000 to the capital projects fund to move unrestricted and balances to support programs and projects accounted for in other funds.

***Advances***

The primary purpose of the balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances at June 30, 2024, consist of the following:

<u>Fund</u>	<u>Advance In</u>	<u>Advance Out</u>
General Fund	\$ -	\$ 13,603
Special Revenue Fund	<u>13,603</u>	<u>-</u>
Total	<u>\$ 13,603</u>	<u>\$ 13,603</u>



**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT  
FULTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR</b> <b>Pass Through Grantor</b> <b>Program / Cluster Title</b>	<b>Federal AL Number</b>	<b>Provided to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<b>Passed Through Ohio Department of Education and Workforce</b>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553		
Cash Assistance			\$74,654
National School Lunch Program	10.555		
Cash Assistance			367,481
COVID-19 Cash Assistance			58,341
Non-Cash Assistance (Food Distribution)			51,641
Total National School Lunch Program			477,463
Total Child Nutrition Cluster			552,117
Total U.S. Department of Agriculture			<b>552,117</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<b>Passed Through Ohio Facilities Construction Commission</b>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		246,895
Total U.S. Department of Treasury			<b>246,895</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<b>Passed Through Ohio Department of Education and Workforce</b>			
Title I Grants to Local Educational Agencies	84.010		265,990
<u>Special Education Cluster (IDEA):</u>			
Special Education - Grants to States (IDEA, Part B)	84.027		441,184
Special Education - Preschool Grants (IDEA, Preschool)	84.173	\$9,339	9,339
Total Special Education Cluster (IDEA)		9,339	450,523
English Language Acquisition State Grants	84.365	8,912	8,912
Supporting Effective Instruction State Grants	84.367		54,337
Student Support and Academic Enrichment Program	84.424A		34,841
	84.424F		6,319
Total Student Support and Academic Enrichment Program			41,160
<u>Education Stabilization Fund:</u>			
COVID-19 Elementary & Secondary School Emergency Relief (ARP ESSER)	84.425U		115,000
COVID-19 American Rescue Plan Homeless Targeted Support Grant	84.425W		16,500
Total Education Stabilization Fund			131,500
Total U.S. Department of Education		<b>18,251</b>	<b>952,422</b>
<b>Total Expenditures of Federal Awards</b>		<b>\$18,251</b>	<b>\$1,751,434</b>

*The accompanying notes are an integral part of this schedule.*

**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wauseon Exempted Village School District, Fulton County, Ohio (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the fund balances or changes in fund balances of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – SUBRECIPIENTS**

The District passes certain federal awards received from Ohio Department of Education and Workforce to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

**NOTE E – CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

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

Wauseon Exempted Village School District  
Fulton County  
930 East Oak Street  
Wauseon, Ohio 43567-2223

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of Wauseon Exempted Village School District, Fulton County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements and have issued our report thereon dated April 1, 2025 wherein we issued an adverse opinion on the District's financial statements because the District did not follow accounting principles generally accepted in the United States of America required by Ohio Admin. Code 117-2-03.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-002 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

***District's Response to Findings***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 1, 2025



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

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

Wauseon Exempted Village School District  
Fulton County  
930 East Oak Street  
Wauseon, Ohio 43567-2223

To the Board of Education:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Wauseon Exempted Village School District's, Fulton County, Ohio, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Wauseon Exempted Village School District's major federal programs for the year ended June 30, 2024. Wauseon Exempted Village 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, Wauseon Exempted Village 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 year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the 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 District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 1, 2025

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**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT  
FULTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Adverse
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster Coronavirus State and Local Fiscal Recovery Funds – AL #21.027
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2024-001**

**Noncompliance**

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

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

As a cost saving measure, the District prepared financial statements in accordance with the regulatory basis of accounting established by the Auditor of State for governmental entities that are not required to prepare reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

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

**Officials' Response:**

See corrective action plan.

**FINDING NUMBER 2024-002**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors requiring adjustment to the notes to the financial statements for the year ended June 30, 2024 were identified:

- Budgeted receipts in the budgetary activity note to the financial statements did not agree to amounts certified by the County Budget Commission. Budgeted receipts were understated in the General and Capital Projects Funds in the amounts of \$1,126,942 and \$375,000, respectively. Budgeted receipts were overstated in the Special Revenue Fund in the amount of \$98,798.

These errors were not identified and corrected prior to the District preparing its financial statements and notes to the financial statements due to deficiencies in the District's internal controls over financial statement monitoring. The failure to adequately monitor financial statements and notes to the financial statements could allow for misstatements to occur and go undetected. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified additional misstatements ranging from \$6,050 to \$45,944 that we have brought to the District's attention.

The District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Treasurer and Board of Education to help identify and correct errors and omissions.

**Officials' Response:**

See corrective action plan.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Finding first reported in 2019, Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03 (B) for not reporting in accordance with generally accepted accounting principles.	Not corrected and reissued as Finding 2024-001 in this report.	Management believes reporting on a basis other than generally accepted accounting principles (GAAP) is more cost efficient.



## CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2024

<b>Finding Number:</b>	2024-001
<b>Planned Corrective Action:</b>	Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.
<b>Anticipated Completion Date:</b>	N/A
<b>Responsible Contact Person:</b>	John Kahmann, CFO/Treasurer
<b>Finding Number:</b>	2024-002
<b>Planned Corrective Action:</b>	Management is aware and understands the importance of the information presented in the notes to the financial statements and will ensure it is properly reported in the future.
<b>Anticipated Completion Date:</b>	June 30, 2025
<b>Responsible Contact Person:</b>	John Kahmann, CFO/Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**WAUSEON EXEMPTED VILLAGE SCHOOL DISTRICT**

**FULTON COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/15/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)