OHIO AUDITOR OF STATE
KEITH FABER

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Bay Village City School District
Cuyahoga County
377 Dover Center Road
Bay Village, Ohio 44140

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2024

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The discussion and analysis of Bay Village City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased by $ 4,956,943.
- Revenues for governmental activities totaled $ 50,494,061 in 2023, an increase of $ 5,317,462 from 2022. Of this total, 85.8 percent consisted of General revenues while Program revenues accounted for the balance of 14.2 percent.
- Program expenses totaled $ 45,537,118, an increase of $ 6,173,500 from 2022. Instructional expenses made up 56.9 percent of this total while support services accounted for 33.1 percent. Other expenses rounded out the remaining 10.0 percent.
- Outstanding general obligation bonded debt decreased to $ 12,764,200 from $ 15,005,000 in 2022.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the School District's net position and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure. In the Statement of Net Position and the Statement of Activities, the School District is classified into governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional, extracurricular activities and interest.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and Debt Service Fund.

Governmental Funds

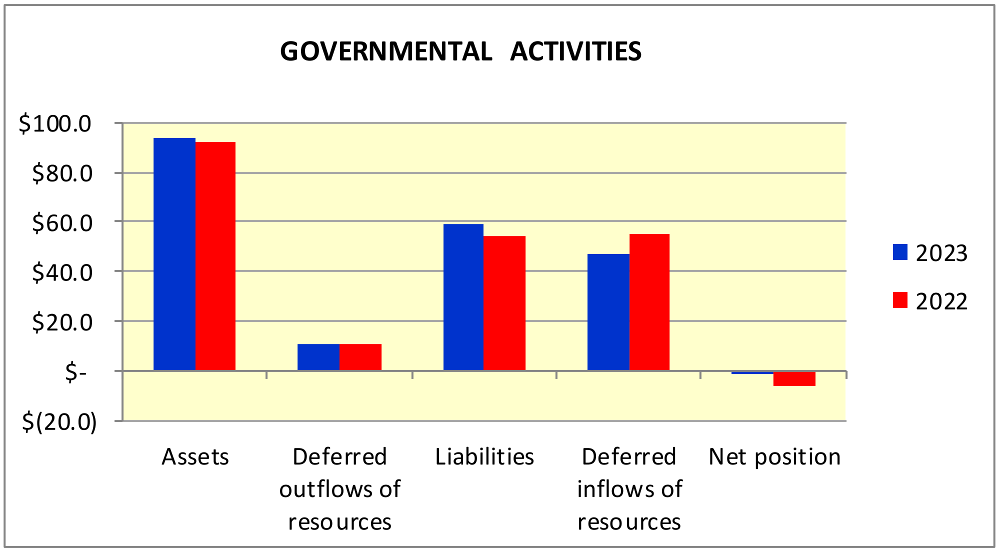
All of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*,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

The School District as a Whole

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2023 compared to 2022
.

Table 1
Net Position
Governmental Activities

	06/30/2023	06/30/2022
Assets		
Current and other assets	$ 55,768,101	$ 53,386,054
Net OPEB asset	3,770,846	3,145,407
Capital assets		
Nondepreciable capital assets	2,332,267	2,332,267
Depreciable capital assets, net	32,245,667	33,080,789
Total assets	94,116,881	91,944,517
Deferred outflows of resources	10,747,314	10,979,939
Liabilities		
Current liabilities	5,589,892	5,295,423
Long term liabilities		
Due within one year	2,731,019	2,710,845
Due in more than one year		
Other amounts	15,554,370	17,130,916
Net pension liability	41,583,385	25,496,476
Net OPEB liability	2,452,705	3,388,677
Total liabilities	67,911,371	54,022,337
Deferred inflows of resources	38,138,480	55,044,718
Net position		
Net investment in capital assets	21,421,617	19,863,606
Restricted	10,796,082	9,024,234
Unrestricted	(33,403,355)	(35,030,439)
Total net position	$ (1,185,656)	$ (6,142,599)



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

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB (asset) liability, respectively, not accounted for as deferred inflows/outflows.

Total assets increased by $ 2,172,364. The most significant asset changes were increases in equity in pooled cash of $ 2,165,934, Net OPEB asset of $ 625,439 and due to other governments of $ 382,592. These increases were offset by decreases in tax receivable of $ 212,121 and net capital assets of $ 835,122. The decrease in net capital assets is due to the disposals and depreciation being greater than capital asset addition.

During 2023, total liabilities increased by $ 13,889,034. The liabilities that had significant decreases were long term liabilities due in more than one year: other amounts of $ 1,576,546, and net OPEB liabilities of $ 935,972. These decreases were offset by increases in accrued salaries, wages and benefits of $ 309,733 and net pension liability of $ 16,086,909. The decrease in total liabilities is predominately due to the paying down on the long term debt and changes in assumptions for pension and OPEB liabilities.

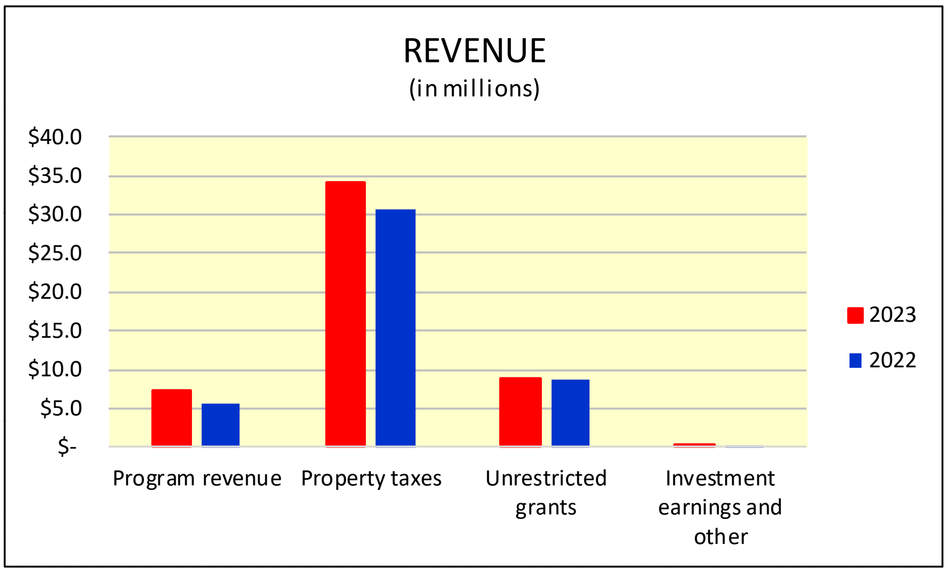
To determine the overall financial performance of the School District one must consider the relative changes in the net position. By comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources, one can see that the overall position of the School District has improved as evidenced by the increase in net position of $ 4,956,943. A change in net position indicates how an entity is providing for future generations.

Governmental Activities

Table 2 summarizes the revenue, expenses and changes in net position for fiscal year 2023 compared to fiscal year 2022.

	2023	2022
Revenues		
Program revenue		
Charges for services and sales	$ 3,254,344	$ 2,524,754
Operating grants, interest and contributions	3,776,769	3,022,229
Capital grants and contributions	150,000	-
Total program revenue	7,181,113	5,546,983
General revenue		
Property taxes	34,027,932	30,715,121
Grants and entitlements not restricted for specific purposes	8,777,956	8,711,072
Investment earnings	301,592	148,911
Miscellaneous	205,468	54,512
Total general revenues	43,312,948	39,629,616
Total revenues	50,494,061	45,176,599
Program expenses		
Instruction		
Regular	19,461,825	16,695,287
Special	5,245,621	4,374,532
Vocational	1,064,534	1,115,417
Other instruction	106,330	54,548
Supporting services		
Pupil	3,512,579	2,451,417
Instructional staff	1,573,052	1,980,137
Board of education	124,862	334,837
Administration	2,894,892	2,441,199
Fiscal services	1,142,448	938,105
Business	302,169	124,661
Operation and maintenance	4,193,934	3,995,488
Pupil transportation	911,477	876,773
Central services	458,944	303,476
Operation of non-instructional services		
Food service operation	949,421	899,453
Community services	820,371	520,387
Day care operations	1,173,147	992,127
Extracurricular activities	1,346,631	1,031,357
Interest	254,881	234,417
Totals	45,537,118	39,363,618
Change in net position	$ 4,956,943	$ 5,812,981

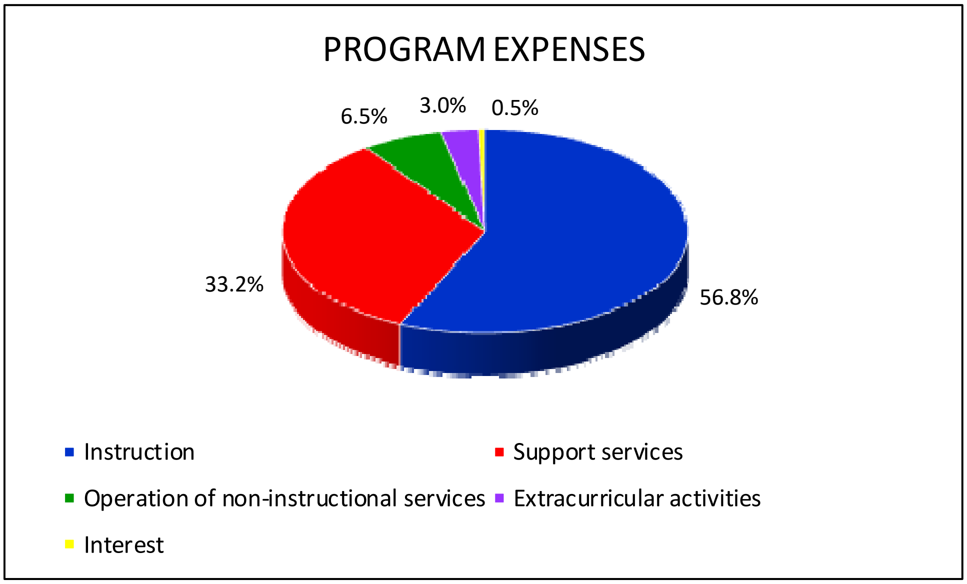
The vast majority of revenue supporting all Governmental activities is general revenue. General revenue totaled $ 43,312,948 or 85.8 percent of the total revenue. The most significant portion of the general revenue is local property tax which was $ 34,027,932. The remaining amount of revenue received was in the form of program revenues, which equated to $ 7,181,113 or 14.2 percent of total revenue. Program revenues are derived from fees for services, rentals, sales from fund raising activities, operating grants, interest and contributions. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. The following graph compares fiscal year 2023 revenue categories (program revenue, property taxes, unrestricted grants, and investment earnings and other) to fiscal year 2022.



The School District is a high performing School District that has had excellent support from the community. The community is by far the greatest source of financial support as evident by the successful passage of levies over the last twenty years. The School District is committed to looking for alternative sources of revenue, exploring ways to reduce expenditures, and continuing to being good stewards of the School District's resources.

Total program expenses increased $ 6,173,500 due to the effects of GASB 68 and GASB 75. The impact of these two GASBs was a net expense of ($ 1,059,109).

As one can see, approximately 56.8 percent of the School District's budget is used to fund instructional expenses compared to 56.4 percent in 2022. Additional supporting services for pupils, staff and business operations encompass an additional 33.2 percent compared to 34.2 percent in 2022. The remaining amount of program expenses, roughly 10.0 percent compared to 9.4 percent in 2021 is budgeted to facilitate other obligations of the School District such as operation of non-instructional services, extracurricular service, and interest.



The Statement of Activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements, investment earnings and miscellaneous income.

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Governmental activities				
Instruction				
Regular	$ 19,461,825	$ 16,695,287	$ (17,569,394)	$ (16,146,243)
Special	5,245,621	4,374,532	(4,448,482)	(3,752,417)
Vocational	1,064,534	1,115,417	(1,064,534)	(1,115,417)
Other instruction	106,330	54,548	(106,330)	(54,548)
Supporting services				
Pupil	3,512,579	2,451,417	(3,400,901)	(2,412,307)
Instructional staff	1,573,052	1,980,137	(1,400,406)	(1,656,394)
Board of education	124,862	334,837	(124,862)	(334,837)
Administration	2,894,892	2,441,199	(2,803,681)	(2,356,928)
Fiscal services	1,142,448	938,105	(1,142,448)	(938,105)
Business	302,169	124,661	(302,169)	(124,661)
Operation and maintenance	4,193,934	3,995,488	(3,849,396)	(3,838,879)
Pupil transportation	911,477	876,773	(762,244)	(837,372)
Central services	458,944	303,476	(458,944)	(303,476)
Operation of non-instructional services				
Food service operation	949,421	899,453	(25,504)	418,383
Community services	820,371	520,387	(107,021)	111,703
Day care operations	1,173,147	992,127	141,148	292,764
Extracurricular activities	1,346,631	1,031,357	(675,956)	(533,484)
Interest	254,881	234,417	(254,881)	(234,417)
Totals	$ 45,537,118	$ 39,363,618	$ (38,356,005)	$ (33,816,635)

School District's Funds

Information regarding the School District's major funds can be found on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues excluding other financing sources of $ 50,733,409 compared to $ 44,783,526 in fiscal year 2022. Total expenditures excluding other financing uses were $ 47,667,665 compared to $ 46,414,172 in fiscal year 2022, a difference of $ 1,253,493. The School District's most significant fund, the General Fund, had an increase in fund balance for the year of $ 1,816,852.

General Fund Budgeting Highlights

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

The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenses but provide flexibility for site-based decision and management.

For the General Fund, the original and final budget basis revenue estimates were $ 35,969,742; this was less than the actual amount of $ 39,905,850 by $ 3,936,108. The main difference between the budget estimates and actual was due to conservative estimates for taxes and intergovernmental revenue. The original and final appropriations were $ 41,006,915 which was more than the actual expenditure amount of $ 40,371,258 by $ 635,657. This difference was primarily due to conservative spending throughout the year.

The General Fund unencumbered ending cash balance totaled $ 13,957,382 which was above the original and final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had $ 63,833,093 invested in land, buildings and improvements, furniture and equipment, and vehicles before accumulated depreciation. Table 4 shows fiscal 2023 values, net of accumulated depreciation compared to 2022.

Table 4
Capital Assets at June 30
Governmental Activities

	2023	2022
Land	$ 700,764	$ 700,764
Construction in progress	1,631,503	1,631,503
Buildings and improvements	26,352,829	27,258,716
Furniture and equipment	4,968,048	5,292,652
Vehicles	835,991	529,421
Right to use asset	88,799	-
Total capital assets	$ 34,577,934	$35,413,056

All capital assets, except land and construction in progress, are reported net of depreciation. As one can see, capital assets decreased during the fiscal year which was the result of depreciation expense being greater than capital asset purchases for the year. For additional capital assets information, see Note 11 of the notes to the basic financial statements.

Debt

At June 30, 2023, the School District had $ 12,764,200 in bonds outstanding. Table 5 summarizes the School District's bonds outstanding.

Table 5
Long Term Bonds at June 30
Governmental Activities

	2023	2022
Refunding bonds 2021 (SIB 2013)		
1.61%, matures 2035	$ 8,925,000	$ 9,895,000
Refunding bonds 2015 (COP)		
2.18%, matures 2023	180,000	355,000
Refunding bonds 2016 (SIRB 2006)		
2.0%-3.0%, matures 2025	3,659,200	4,755,000
Total bonds	$ 12,764,200	$ 15,005,000

Outstanding bonds consist of general obligation bonds for school improvements. General obligation bonds are direct obligations of the School District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property of the School District. General obligation bonds will be paid from the Debt Service Fund from property taxes.

Other obligations include compensated absences, net pension liability and net OPEB liability. For additional debt obligation information see Note 12, of the notes to the basic financial statements.

School District Outlook

Bay Village City School's current financial condition is excellent. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The School District ranks among the top schools in Ohio for educational excellence.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as legislators at the State level make changes to the funding formula for public education. The COVID-19 pandemic is also an external challenge to the academic, financial, and operational areas of the School District.

Although the School District relies heavily on its property taxpayers to support its operations, the community support of the schools is quite strong. The Bay Village voters passed an incremental tax levy for 5.5 mills in November 2003 which helps fund the general operations and permanent improvements of the School District. In November 2006, the School District passed a 5.75 mill operating levy for the purpose of current expenses. In November 2010, the School District passed a 6.9 mill levy for the purpose of current expenses. The School District passed a 5.9 mill operating levy in November 2016 for the purpose of current expenses. Most recently, the School District passed a 7.2 mill operating levy for current expenses. In addition to the community support of the School District through levies, the property values in Bay Village remain strong. This is evident by the recent property valuation update completed by Cuyahoga County in 2021. The current five year forecast projects a carryover for the next several years which is projected to increase the District's cash balance. The School District utilizes its five year forecast as a planning tool and is currently monitoring expenditures and costs to determine future funding needs.

Externally, the Ohio legislature determines the manner and means in which public schools are funded by the state. The State funding formula for schools has changed significantly over the last 10 years. During this time, the School District has received state money through the SF-3, the PASS formula, the Bridge formula and currently the SFPR. The SFPR or School Finance Payment Report is part of a two year state education budget. The current biennium budget is the second budget passed by the State Legislature that includes the Fair School Funding Plan (FSFP) for funding public schools. This formula evaluates the wealth of the district in comparison to the wealth of the State and calculates a State Share Index for Bay Village Schools, similar to previous funding formulas. The FSFP is different from previous formulas because it aims to calculate the actual cost of educating a student as the basis for determining a district's revenue from the state. In FY2022, Bay Village City School District was on the state funding guarantee, resulting in the district receiving state funding at equivalent levels of FY2021. The FSFP is a drastic change for schools overall in the state of Ohio, but it did not have a significant financial impact on Bay Village CSD.

In summary, the Bay Village City School District has committed itself to financial and educational excellence for many years to come.

Contacting the School District's Financial Management

This financial report is designated to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer, Bay Village City School District, 377 Dover Center Road, Bay Village, Ohio 44140.

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BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

STATEMENT OF NET POSITION

JUNE 30, 2023

	Governmental Activities
Assets	
Equity in pooled cash	$ 23,723,153
Cash w ith fiscal agent	
Accounts receivable	44,766
Due from other governments	869,436
Accrued interest receivable	69,738
Taxes receivable	31,061,008
Net OPEB asset	3,770,846
Capital assets	
Nondepreciable capital assets	2,332,267
Depreciable capital assets, net	32,245,667
Total assets	94,116,881
Deferred outflow s of resources	
Deferral on refunding	3,797
Pension	9,803,410
OPEB	940,107
Total deferred outflow s of resources	10,747,314
Liabilities	
Accounts and contracts payable	645,435
Accrued salaries, w ages and benefits	4,210,296
Due to other governments	716,037
Accrued interest payable	18,124
Long term liabilities	
Due w ithin one year	2,731,019
Due in more than one year	
Other amounts	15,554,370
Net pension liability	41,583,385
Net OPEB liability	2,452,705
Total liabilities	67,911,371
Deferred inflow s of resources	
Property taxes	26,927,831
Other amounts	45,210
Deferral on refunding	460,096
Pension	4,635,830
OPEB	6,069,513
Total deferred inflow s of resources	38,138,480
Net position	
Net investment in capital assets	21,421,617
Restricted for:	
Net OPEB asset	3,770,846
Capital projects	879,576
Debt service	4,821,723
Federal/State grants	631,493
Other purposes	692,444
Unrestricted	(33,403,355)
Total net position	$ (1,185,656)

See accompanying notes to the basic financial statements.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants Interest and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental activities					
Instruction					
Regular	$ 19,461,825	$ 317,808	$ 1,574,623	$ -	$ (17,569,394)
Special	5,245,621		797,139		(4,448,482)
Vocational	1,064,534				(1,064,534)
Other instruction	106,330				(106,330)
Supporting services					
Pupil	3,512,579	10,906	100,772		(3,400,901)
Instructional staff	1,573,052	61,188	111,458		(1,400,406)
Board of education	124,862				(124,862)
Administration	2,894,892		91,211		(2,803,681)
Fiscal services	1,142,448				(1,142,448)
Business	302,169				(302,169)
Operation and maintenance	4,193,934	158,288	36,250	150,000	(3,849,396)
Pupil transportation	911,477		149,233		(762,244)
Central services	458,944				(458,944)
Operation of non-instructional services					
Food service operation	949,421	693,426	230,491		(25,504)
Community services	820,371	27,758	685,592		(107,021)
Day care operations	1,173,147	1,314,295			141,148
Extracurricular activities	1,346,631	670,675			(675,956)
Interest	254,881				(254,881)
Totals	$ 45,537,118	$ 3,254,344	$ 3,776,769	$ 150,000	(38,356,005)

General revenues	
Property taxes levied for:	
General purpose	31,587,433
Debt service	2,440,499
Grants and entitlements not restricted to specific purposes	8,777,956
Investment earnings	301,592
Miscellaneous	205,468
Total general revenues	43,312,948
Change in net position	4,956,943
Net position at beginning of year	(6,142,599)
Net position at end of year	$ (1,185,656)

See accompanying notes to the basic financial statements.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

BALANCE SHEET –
GOVERNMENTAL FUNDS

JUNE 30, 2023

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	$ 17,192,744	$ 4,494,899	$ 2,035,510	$ 23,723,153
Receivables, net of allowance				
Taxes	28,603,481	2,457,527	-	31,061,008
Accounts and other	40,818	-	3,948	44,766
Accrued interest receivable	69,738	-	-	69,738
Due from other governments	-	-	869,436	869,436
Interfund receivable	132,213	-	-	132,213
Total assets	$ 46,038,994	$ 6,952,426	$ 2,908,894	$ 55,900,314
Liabilities				
Accounts and contracts payable	283,162	-	362,273	645,435
Accrued wages and benefits	4,040,071	-	170,225	4,210,296
Due to other governments	686,447	-	29,590	716,037
Interfund payable	-	-	132,213	132,213
Compensated absences payable	286,326	-	-	286,326
Total liabilities	5,296,006	-	694,301	5,990,307
Deferred inflows of resources				
Property taxes	24,797,128	2,130,703	-	26,927,831
Unavailable revenue - delinquent property taxes	916,074	79,658	-	995,732
Unavailable revenue - other	41,036	-	169,974	211,010
Total deferred inflows of resources	25,754,238	2,210,361	169,974	28,134,573
Fund balances				
Restricted	-	4,742,065	2,094,141	6,836,206
Committed	-	-	-	-
Assigned	10,850,874	-	-	10,850,874
Unassigned (deficit)	4,137,876	-	(49,522)	4,088,354
Total fund balances	14,988,750	4,742,065	2,044,619	21,775,434
Total liabilities, deferred inflows of resources and fund balances	$ 46,038,994	$ 6,952,426	$ 2,908,894	$ 55,900,314

See accompanying notes to the basic financial statements.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2023

Amount reported for governmental activities in the statement of net position are different because:	
Total governmental funds balances	$ 21,775,434
Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore not reported in the funds.	34,577,934
Other long term assets are not available to pay for current period expenditures and therefore are deferred in the funds. These deferrals are attributed to property taxes, intergovernmental, and other revenue.	1,161,532
The net pension and OPEB liability are not due and payable in the current period, therefore, the liability and related net OPEB asset and related deferred inflows/ outflows of resources are not reported in governmental funds:	
Net OPEB asset	3,770,846
Deferred outflows of resources - pension	9,803,410
Deferred outflows of resources - OPEB	940,107
Deferred inflows of resources - pension	(4,635,830)
Deferred inflows of resources - OPEB	(6,069,513)
Net pension liability	(41,583,385)
Net OPEB liability	(2,452,705)
Unamortized deferred gain and charges on long-term debt refunding are not recognized in the governmental funds.	(456,299)
Long term liabilities and accrued interest payable are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(5,146,064)
Bonds payable	(12,705,000)
Lease payable	(88,799)
Unamortized bond premium	(59,200)
Accrued interest payable	(18,124)
Net position of governmental activities	$ (1,185,656)

See accompanying notes to the basic financial statements.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes	$ 31,751,255	$ 2,454,745	$ -	$ 34,206,000
Tuition and fees	1,638,823	-	-	1,638,823
Interest	238,049	-	12,468	250,517
Intergovernmental	8,428,413	352,221	4,036,446	12,817,080
Rental	158,288	-	-	158,288
Charges for services	-	-	715,987	715,987
Extracurricular	327,839	-	200,677	528,516
Other	124,430	-	293,768	418,198
Total revenues	42,667,097	2,806,966	5,259,346	50,733,409
Expenditures				
Current				
Instruction				
Regular	17,750,765	-	868,223	18,618,988
Special	4,617,709	-	774,376	5,392,085
Vocational	1,076,527	-	-	1,076,527
Other instruction	108,355	-	-	108,355
Supporting services				
Pupil	3,307,945	-	243,576	3,551,521
Instructional staff	1,549,021	-	56,262	1,605,283
Board of education	127,867	-	-	127,867
Administration	2,864,098	-	91,567	2,955,665
Fiscal services	864,548	326,156	-	1,190,704
Business	285,291	-	-	285,291
Operation and maintenance	3,627,624	-	175,161	3,802,785
Pupil transportation	1,135,291	-	142,891	1,278,182
Central services	428,839	-	-	428,839
Operation of non-instructional services				
Food service operation	-	-	1,016,774	1,016,774
Community services	37,191	-	814,257	851,448
Day care operations	1,191,886	-	-	1,191,886
Extracurricular activities	1,025,848	-	272,601	1,298,449
Capital outlay	24,495	-	312,513	337,008
Debt service				
Principal	175,000	2,125,000	-	2,300,000
Interest	5,832	244,176	-	250,008
Total expenditures	40,204,132	2,695,332	4,768,201	47,667,665
Excess (deficiency) of revenues over expenditures	2,462,965	111,634	491,145	3,065,744
Other financing sources (uses)				
Transfers-in	-	-	749,581	749,581
Proceeds from capital lease	103,468	-	-	103,468
Transfers-out	(749,581)	-	-	(749,581)
Total other financing sources (uses)	(646,113)	-	749,581	103,468
Net change in fund balances	1,816,852	111,634	1,240,726	3,169,212
Fund balances, beginning of year, restated	13,171,898	4,630,431	803,893	18,606,222
Fund balances, end of year	$ 14,988,750	$ 4,742,065	$ 2,044,619	$ 21,775,434

See accompanying notes to the basic financial statements.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 3,169,212
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital outlay, net	$ 793,870	
Depreciation expense	(1,628,992)	
Total		(835,122)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(178,068)	
Interest	21,475	
Intergovernmental	(112,355)	
Total		(268,948)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds, an interest expenditure is reported when due.		(4,873)
The issuance of long term debt (e.g. bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the treatment of long-term debt and related items.		2,240,801
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		3,797,506
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension and OPEB expense in the statement of activities.		(2,487,895)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		(653,738)
Change in net position of governmental activities		$ 4,956,943

See accompanying notes to the basic financial statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET BASIS (NON-GAAP) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues and other financing sources	$ 35,969,742	$ 35,969,742	$ 39,905,850	$ 3,936,108
Expenditures and other financing uses	41,006,915	41,006,915	40,371,258	635,657
Excess (deficiency) of revenues and other financing sources over(under) expenditures and other (uses)	(5,037,173)	(5,037,173)	(465,408)	4,571,765
Fund balance, beginning of year	13,085,847	13,085,847	13,085,847	-
Prior year encumbrances	1,336,943	1,336,943	1,336,943	-
Fund balance, end of year	$ 9,385,617	$ 9,385,617	$ 13,957,382	$ 4,571,765

See accompanying notes to the basic financial statements.

STATEMENT OF FIDUCIARY NET POSITION -
FIDUCIARY FUNDS

JUNE 30, 2023

	Private Purpose Trust	Custodial Fund
	Scholarship Fund	OHSAA Fund
Assets		
Equity in pooled cash	$ 19,494	$ -
Total assets	19,494	-
Net position		
Restricted for:		
Held in trust for scholarships	19,494	-
Other organizations	-	-
Total net position	$ 19,494	$ -

See accompanying notes to the basic financial statements.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2023

	Private Purpose Trust	Custodial Fund
	Scholarship Fund	OHSAA Fund
Additions		
Interest	$ 229	$ -
Total additions	229	-
Distributions to other organizations	8,505	1,223
Change in fiduciary net position	(8,276)	(1,223)
Net position, beginning of year	27,770	1,223
Net position, end of year	$ 19,494	$ -

See accompanying notes to the basic financial statements.

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Bay Village City School District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District. Average daily membership was 2,364. The School District employs 248 certificated and 217 non-certificated employees.

REPORTING ENTITY

The reporting entity is composed 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.

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a governmental activity 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; 3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District is associated with Connect, the Suburban Health Consortium, the Bay Village Education Foundation, and the Ohio Schools Council, which are considered to be jointly governed organizations. The School District participates in a public risk pool managed by the Ohio Schools Boards Association of School Business Officials Workers' Compensation Group Rating Program. The School District also has a joint operating agreement with the City of Bay Village for constructing, equipping and furnishing a community gymnasium. These organizations and their relationships with the School District are described in more detail in Note 13, 16 and/or 17 to these basic financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements

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

C. FUND ACCOUNTING

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

Governmental Funds

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

General Fund - the general fund is the operating fund of the School District and is used to account for all financial resources, except those required to be accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private-purpose trust fund which accounts for scholarship monies. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund accounts for collections of fees to be distributed to the Ohio High School Athletic Association for athletic tournaments.

D. MEASUREMENT FOCUS

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

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

E. BASIS OF ACCOUNTING

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

Revenues - Exchange and Non-Exchange Transactions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BASIS OF ACCOUNTING (continued)

Revenues - Exchange and Non-Exchange Transactions (continued)

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges for refunding and amounts related to pension and OPEB. The refunding amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Note 18 and 19.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, deferral on refunding, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported on the statement of net position and the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Note 18 and 19)

Expenditures/Expenses

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. 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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds.

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

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

G. CASH AND INVESTMENTS

Cash received by the School District is deposited in one central bank account with individual fund balance integrity maintained through School District records. Monies for all funds are maintained in this account or temporarily transferred to the State Treasurer's investment pool (STAR Ohio) or other short term investments. Under existing Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to $ 238,049 of which $ 76,390 was credited from other funds. During fiscal year 2023, investments were limited to STAR Ohio, certificates of deposit, government securities and money markets. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices.

STAR 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 Government Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in Star Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the year ended 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $ 100 million. STAR Ohio reserves the right to limit the transaction to $ 250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $ 250 million limit. All accounts of the participant will be combined for these purposes.

Investments with an original maturity of three months or less at the time of purchase are considered to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. INVENTORY

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

I. RESTRICTED ASSETS

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

J. PREPAID EXPENSE

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the period amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

K. CAPITAL ASSETS

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

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

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

Description	Estimated Lives
Land improvements	10 - 50 years
Buildings and improvements	10 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years

L. INTERFUND BALANCES

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables.” These amounts are eliminated in the governmental column of the statement of net position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. COMPENSATED ABSENCES

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

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

N. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

O. NET POSITION

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide statement of net position reports $ 10,796,082 of net position restricted, of which none is restricted by enabling legislation. Net position restricted for other purposes include other grants and rotary funds.

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

P. 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:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. FUND BALANCE (continued)

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

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

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

Q. INTERFUND TRANSACTIONS

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

R. ESTIMATES

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. PENSIONS AND OPEB

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

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLES

A. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2023, the School District has implemented GASB Statement No. 91, “Conduit Debt Obligations”, GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”, and GASB Statement No. 99 “Omnibus 2022”.

GASB Statement No. 91 is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements and provides guidance for accounting and financial reporting for availability payment arrangements. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 provides clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset; and clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Some funds are included in the general fund (GAAP basis), but have a separate legally adopted budget (budget basis).

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

Net Change in Fund Balance

	General Fund
Budget basis	$ (465,408)
Adjustments, increase (decrease)	
Revenue accruals	2,864,715
Expenditure accruals	(2,099,217)
Encumbrances	1,361,718
Funds budgeted separately	155,044
GAAP basis, as reported	$ 1,816,852

NOTE 4 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

Interim 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.

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

Interim monies may be invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper and bankers' acceptances (if authorized by the Board of Education), and;
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

At fiscal year end, the School District had $ 1,770 in cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash."

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

B. DEPOSITS

At fiscal year end, the carrying amount of the School District's deposits was $ 6,600,547 and the bank balance was $ 7,083,086. Of the bank balance, $ 4,518,293 was covered by federal depository insurance and $ 2,564,793 was exposed to custodial credit risk because it was uninsured and uncollateralized. The School District's financial institutions participate in the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of a bank failure, the School District may not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District does not have a 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 fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires that total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the School District's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

C. INVESTMENTS

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

		Investment Maturities	
	Fair Value	Less than 1 year	1-2 years
STAR Ohio	$ 437,986	$ 437,986	$ -
Federal securities	10,692,423	4,259,110	6,433,313
Money market	6,009,921	6,009,921	-
	$ 17,140,330	$ 10,707,017	$ 6,433,313

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. As discussed further in Note 1G, STAR Ohio is reported at its net asset value (NAV) per share. All other investments of the School District are valued using quoted market prices (Level 1 inputs).

D. INTEREST RATE RISK

The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

E. CREDIT RISK

The School District follows the Ohio Revised Code that limits its investment choices. As of June 30, 2023, the School District's investments in STAR Ohio were rated AAAm by Standard & Poor's and the government securities were rated Aaa by Moody's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

F. CONCENTRATION OF CREDIT RISK

The School District places no limit on the amount that may be invested in any one issuer. The School District's allocation as of June 30, 2023 was 2.56 percent invested in STAR Ohio, 35.06 percent in money markets and 62.38 percent in government securities.

NOTE 5 - PROPERTY TAXES

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

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

Public utility real and tangible personal property taxes for 2023 were levied after April 1, 2022, on the assessed values as of December 31, 2021, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2023 operations. The receivable is therefore offset by a credit to deferred inflows of resources – property taxes for that portion not intended to finance current year operations. The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2023, was $ 2,890,279 in the General Fund and $ 247,167 in the Debt Service Fund. The amount available as an advance at June 30, 2022, was $ 2,181,746 in the General Fund and $ 186,576 in the Debt Service Fund. The difference was in the timing and collection by the County Fiscal Officer.

NOTE 5 - PROPERTY TAXES (continued)

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

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

	2022 Second - Half Collections		2023 First - Half Collections	
	Amount	%	Amount	%
Agricultural/Residential and Other Real Estate	$ 729,230,080	98.28 %	$ 732,559,300	98.17 %
Public Utilities	12,760,200	1.72	13,647,570	1.83
Total Assessed Value	$ 741,990,280	100.00 %	$ 746,206,870	100.00 %
Tax rate per $1,000 of assessed valuation	$ 121.78		$ 128.43	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2023, consisted of taxes, due from other governments, accounts and other, and interfund. All receivables are considered substantially collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be collected within one year. Due from other governments consists of the following:

	Amounts
Due from other governments:	
Improving teacher quality	$ 28,137
IDEA	181,277
ESSER	649,408
EHA preschool	10,614
Total due from other governments	$ 869,436

NOTE 7 - INTERFUND TRANSFERS

During the year ended June 30, 2023, the General Fund transferred $ 749,581 to the Capital Projects Fund to fund the School District’s portion of the improvements to the Home of the Rockets Field House.

NOTE 8 - INTERFUND ASSETS/LIABILITIES

On the fund financial statements at June 30, 2023, interfund receivables and payables consisted of the following:

Fund	Receivable	Payable
General Fund	$ 132,213	$ -
Non-major Funds:		
ESSER	-	11,760
Title VIB	-	94,099
Title I	-	1,732
EHA preschool	-	1,122
Improving Teacher Quality	-	23,500
Total	$ 132,213	$ 132,213

These amounts are represented as “Interfund Receivable/Payable” on the balance sheet. The non-major fund interfund payable was to pay for expenditures.

NOTE 9 – 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:

Fund Balance	General Fund	Debt Service Fund	Other Governmental Funds	Total
Restricted for				
Debt service	$ -	$ 4,742,065	$ -	$ 4,742,065
Community gym	-	-	879,576	879,576
Food service	-	-	397,446	397,446
Other grants	-	-	57,309	57,309
Student activities	-	-	132,600	132,600
Athletics	-	-	110,664	110,664
State grants	-	-	25,780	25,780
Federal grants	-	-	490,766	490,766
Total restricted	-	4,742,065	2,094,141	6,836,206
Assigned				
Subsequent year appropriations	7,086,761	-	-	7,086,761
Instruction	536,633	-	-	536,633
Support services	566,694	-	-	566,694
Glenview daycare	517,111	-	-	517,111
Public school support	324,511	-	-	324,511
Uniform school supplies	370,012	-	-	370,012
Other purposes	1,449,152	-	-	1,449,152
	10,850,874	-	-	10,850,874
Unassigned (deficit)	4,137,876	-	(49,522)	4,088,354
Total fund balance	$14,988,750	$ 4,742,065	$ 2,044,619	$21,775,434

NOTE 10 – DEFICIT FUND BALANCE

On June 30, 2023, the IDEA Part B Fund had a deficit balance of $ 47,790 and the ESSER Fund had a deficit balance of $ 1,732. The General Fund is liable for deficits in the funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 11 - CAPITAL ASSETS

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

	Balance June 30, 2022	Additions	Disposals	Balance June 30, 2023
Governmental Activities				
Nondepreciable capital assets				
Land	$ 700,764	$ -	$ -	$ 700,764
Construction in progress	1,631,503	-	-	1,631,503
	2,332,267	-	-	2,332,267
Depreciable capital assets				
Buildings and improvements	50,146,667	248,646	-	50,395,313
Furniture and equipment	8,678,124	26,090	-	8,704,214
Vehicles	1,882,165	415,666	-	2,297,831
Right to use asset	-	103,468		103,468
Total capital assets being depreciated	60,706,956	793,870	-	61,500,826
Less accumulated depreciation				
Buildings and improvements	22,887,951	1,154,533	-	24,042,484
Furniture and equipment	3,385,472	350,694	-	3,736,166
Vehicles	1,352,744	109,096	-	1,461,840
Intangible right to use leased equipment	-	14,669	-	14,669
Total accumulated depreciation	27,626,167	1,628,992	-	29,255,159
Depreciable capital assets, net of accumulated depreciation	33,080,789	(835,122)	-	32,245,667
Governmental activities capital assets, net	$ 35,413,056	$ (835,122)	$ -	$ 34,577,934

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	$ 632,391
Special	521
Supporting services	
Instructional staff	18,571
Administration	986
Business	31,241
Operation and maintenance	741,358
Pupil transportation	102,737
Central services	2,957
Operation of non-instructional services	
Food service operation	3,403
Community services	17,942
Extracurricular activities	76,885
Total depreciation expense	$ 1,628,992

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Outstanding June 30, 2022	Additions	Retired	Outstanding June 30, 2023	Amounts Due In One Year
Refunding bonds 2020					
1.61%, matures 2035	$ 9,895,000	$ -	$ 970,000	$ 8,925,000	$ 870,000
Refunding bonds 2015					
2.18%, matures 2023	355,000	-	175,000	180,000	180,000
Refunding bonds 2016 refunding					
school improvement bond 2006					
2.0% - 3.0%, matures 2025	4,755,000	-	1,155,000	3,600,000	1,175,000
Total bonds payable	15,005,000	-	2,300,000	12,705,000	2,225,000
Premium on bonds	88,800	-	29,600	59,200	-
Net pension liability					
STRS	19,074,425	13,299,310	-	32,373,735	-
SERS	6,422,051	2,787,599	-	9,209,650	-
Total net pension liability	25,496,476	16,086,909	-	41,583,385	-
Net OPEB liability					
SERS	3,388,677	-	935,972	2,452,705	-
Total net OPEB liability	3,388,677	-	935,972	2,452,705	-
Lease payable	-	103,468	14,669	88,799	22,813
Compensated absences	4,747,961	1,397,406	712,977	5,432,390	483,206
Total long-term obligations	$ 48,726,914	$ 17,587,783	$ 3,993,218	$ 62,321,479	$ 2,731,019

During fiscal year 2017, the School District issued $ 9,820,000 of general obligation refunding bond to provide resources to current refund the general obligation refunding bonds issued in 2006. As a result, the refunded general obligation refunding bonds are considered paid and the liability has been removed from the governmental activities on the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by $ 37,025. This amount is recorded as deferred inflow of resources – deferral on refunding and amortized over the life of the new debt.

In fiscal year 2021, the School District issued $ 11,065,000 of general obligation refunding bonds to provide resources to current refund the general obligation school improvement bonds issued in 2013. As a result, the refunded general obligation bonds are considered paid and the liability has been removed from the governmental activities on the statement of net position. The net carrying amount of the old debt exceeded the reacquisition price by $ 387,022. This amount is recorded as a deferred inflow of resources – deferral on refunding and amortized over the life of the new debt.

NOTE 12 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire bonds outstanding at June 30, 2023, were as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 2,225,000	$ 208,025	$ 2,433,025
2025	2,095,000	166,607	2,261,607
2026	2,095,000	123,584	2,218,584
2027	870,000	94,265	964,265
2028-2032	3,525,000	288,792	3,813,792
2033-2036	1,895,000	45,281	1,940,281
	$ 12,705,000	$ 926,554	$ 13,631,554

Bonds payable will be repaid from the Debt Service Fund and the refunding bonds used to refund the certificates of participation and lease payable will be repaid from the General Fund. Compensated absences will be paid from the General Fund, Food Service Fund or Daycare Center Special Rotary Fund.

NOTE 13 - RISK MANAGEMENT

A. PROPERTY AND LIABILITY

The School District is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with Ohio School Plan. The program is governed by a Board of Directors who contracts with Hylant Administrative Services as the program administrator. The types and coverages of the School District's insurance plan are as follows:

	Amount	Deductible
Ohio Casualty		
Type of coverage:		
Building and contents at replacement value	$ 117,423,495	$ 1,000
General liability		
each occurrence	4,000,000	N/A
personal injury	4,000,000	N/A
general aggregate	6,000,000	N/A
Automotive liability	4,000,000	1,000
Uninsured motorist	250,000	N/A
Errors and omissions	4,000,000	2,500

Settled claims have not exceeded this commercial coverage in any of the past three years. Generally speaking, the insurance coverages for fiscal year 2023 have increased compared to the previous year.

NOTE 13 - RISK MANAGEMENT (continued)

B. WORKERS' COMPENSATION

The School District participated in the Ohio School Boards Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the school district by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, provides administrative, cost control and actuarial services to the GRP.

C. EMPLOYEE MEDICAL BENEFITS

The School District offers a board paid employee assistance program and wellness services through its insurance carrier to assist with physical wellness and the board provides services from outside providers to focus on mental and emotional well-being.

The School District participates in the Suburban Health Consortium (the Consortium), a shared risk pool (Note 17), to provide group health, life, dental and/or other insurance coverages. Consortium Member premium rates are set or determined by the Board of Directors. To the extent and in the manner permitted by any applicable agreements, policies, rules, regulations and laws, each Consortium Member may require contributions from its employees toward the cost of any benefit program being offered by the Consortium Member, and such contributions shall be included in the payments from such Consortium premium to the Consortium. Because the School District is a member of the Consortium and the Consortium holds the reserves for Incurred But Not Reported (IBNR) claims, not the individual school districts, IBNR information is not available on a district-by-district basis.

NOTE 14 - SET-ASIDES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital maintenance. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in the fund balance reserves for capital maintenance during fiscal year 2023.

	Capital Maintenance
Balance, July 1, 2022	$ -
Required set aside	526,141
Qualifying expenditures	(879,731)
Balance June 30, 2023	$ (353,590)
Carry forward at June 30, 2023	$ -

Expenditures and offset credits for capital maintenance during the year were $ 353,590 which exceeded the required set-aside.

NOTE 15 – CONTINGENCIES

A. GRANTS

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

B. FOUNDATION

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, rather than a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow, will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. The impact of enrollment adjustments to the June 30, 2023 Foundation funding for the School District was immaterial to the financial statements.

NOTE 16 - COMMUNITY GYMNASIUM JOINT OPERATING AGREEMENT

On August 13, 2001, the School District entered into an agreement for constructing, equipping and furnishing a Community Gymnasium and a development and use agreement with the City of Bay Village (the City) for the Community Gymnasium (the Gym). Both agreements were amended on February 25, 2002. The initial term of the agreement commenced on the first date the Gym opened for public use and will end thirty years thereafter.

The agreements include termination provisions which allow either the School District or the City to seek 100 percent usage upon request at least two years prior to the expiration of the initial term. Termination provisions require repayment of the initial contribution plus a percent of the cost of major additions.

Under the terms of the contribution agreement, the School District will contribute one third of the cost of the Gym project which includes costs of constructing, equipping and furnishing the Gym, the cost of constructing, equipping and furnishing related joint use areas and the costs of related design and other professional services. The City's contribution amount shall not exceed $ 1,143,280. In 2002, the City issued $ 1,100,000 in general obligation bonds to meet its obligation. The Gym and joint use areas shall be owned by the School District.

The development and use agreement includes provisions for capital improvement funding. Under these provisions, both the School District and the City are required to establish and maintain a community gym fund. For the first year of operation the School District and the City contributed $ 3,000 and $ 6,000 respectively. These amounts increase three-percent annually and will be used for capital improvements and contracted maintenance as jointly decided.

The School District is responsible for fire and liability insurance. The City is responsible for maintaining liability insurance for activities in the Gym under the City's supervision. The School District and the City also have additional annual obligations for housekeeping, custodial equipment, supplies and utility costs.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. CONNECT

The North Coast Council became known as Connect effective April 1, 2016. The new governing Board of Directors, the Educational Service Centers of Northeast Ohio, Lorain and Medina County and the Ohio Schools Council, have accepted the ownership, responsibility and liability of Connect in order to provide exemplary service to member districts. The Superintendent/Executive Director of the three ESCs and Ohio Schools Council shall serve on Connect's Board of Directors. The purpose of Connect is applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions for member districts. Fiscal information for Connect is available from the Treasurer of the Educational Service Center of Northeast Ohio (fiscal agent), located at 6393 Oak Tree Boulevard, Independence, Ohio 44131. During the year ended June 30, 2023, the School District paid $ 75,240 to Connect for basic service charges.

B. SUBURBAN HEALTH CONSORTIUM

The Suburban Health Consortium ("the Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverages for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operated as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Consortium.

The Board of Education of each Consortium Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Board of Directors. The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members. Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation. The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District).

The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement. Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (continued)

B. SUBURBAN HEALTH CONSORTIUM (continued)

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

C. BAY VILLAGE EDUCATION FOUNDATION

The Bay Village Education Foundation (Foundation) is a jointly governed organization established by the Ohio Revised Code to support, promote and fund creative programs designed by students and staff of the School District which enhance excitement and enthusiasm for learning. Foundation monies provide programs that are not paid for with tax dollars. Gifts, donations and contributions of cash, securities or other property from any source may be made to and accepted by the Foundation to enable the Foundation to carry out its purpose. The Board of Trustees consists of at least nine (9) and not more than eighteen (18) Trustees.

D. OHIO SCHOOLS COUNCIL

The Ohio Schools' Council Association (Council) is a jointly governed organization among 265 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Associations. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2023, the School District paid $ 79,539 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. There are currently more than 170 participants in the program including the Bay Village City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

NOTE 18 - DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

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

The net pension liability represents the School District's proportionate share of each pension 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 liability 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.

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 are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in Due to Other Governments on both the accrual and modified accrual bases of accounting.

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

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

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent and none of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $ 894,577 for fiscal year 2023. Of this amount $ 125,565 is reported as a Due to Other Governments.

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

C. 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 retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS) (continued)

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. For the fiscal year ended June 30, 2023, plan members and the School District were required to contribute 14 percent equal to the statutory maximum rate. The fiscal year 2023, the full contribution was allocated to pension.

The School District's contractually required contribution to STRS was $ 2,779,569 for fiscal year 2023. Of this amount $ 416,426 is reported as a Due to Other Governments.

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

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

	SERS	STRS	Total
Proportionate share of the net pension liability	$ 9,209,650	$ 32,373,735	$ 41,583,385
Pension expense	$ 169,442	$ 3,256,729	$ 3,426,171
Proportion of the net pension liability			
Prior measurement date	0.174053%	0.149183%	
Current measurement date	0.170272%	0.145630%	
	-0.003781%	-0.003553%	

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 372,998	$ 414,425	$ 787,423
Change in assumption	90,873	3,874,163	3,965,036
Net difference between projected and actual earnings on pension plan investments	-	1,126,535	1,126,535
Difference between employer contribution and proportionate share of contributions	-	250,270	250,270
District contributions subsequent to the measurement date	894,577	2,779,569	3,674,146
Total deferred outflows of resources	$ 1,358,448	$ 8,444,962	$ 9,803,410
Deferred inflows of resources			
Differences between expected and actual experience	$ 60,459	$ 123,840	$ 184,299
Change in assumption	-	2,916,131	2,916,131
Net difference between projected and actual earnings on pension plan investments	321,375	-	321,375
Difference between employer contribution and proportionate share of contributions	312,786	901,239	1,214,025
	$ 694,620	$ 3,941,210	$ 4,635,830

$ 3,674,146 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	$ (66,974)	$ (249,410)	$ (316,384)
2025	(132,932)	(342,866)	(475,798)
2026	(459,091)	(966,763)	(1,425,854)
2027	428,248	3,283,222	3,711,470
	$ (230,749)	$ 1,724,183	$ 1,493,434

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS - SERS

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

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

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

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

Inflation	2.40 percent
Future salary increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment rate of return	7.00 percent net of system expenses
Actuarial cost method	Entry age normal (Level Percent of Payroll)

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

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

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending June 30, 2020.

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged 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. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	2.00%	-0.45%
U.S. equity	24.75%	5.37%
Non-U.S. equity developed	13.50%	6.22%
Non-U.S. equity emerging	6.75%	8.22%
Fixed income/global bonds	19.00%	1.20%
Private equity	11.00%	10.05%
Real estate/real assets	16.00%	4.87%
Multi-asset strategies	4.00%	3.39%
Private debt/private credit	3.00%	5.38%

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$ 13,556,166	$ 9,209,650	$ 5,547,770

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Varies by service from 2.5 percent to 8.5 percent
Payroll increases	3.00 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent
Cost-of-living adjustments (COLA)	0.00 percent

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

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

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

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

Asset Class	Target Allocation *	Long-term Expected Real Rate of Return **
Domestic equity	28.00%	6.60%
International equity	23.00%	6.80%
Alternatives	17.00%	7.38%
Fixed income	21.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	1.00%	1.00%

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

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

NOTE 18 - DEFINED BENEFIT PENSION PLANS (continued)

F. ACTUARIAL ASSUMPTIONS - STRS

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 48,904,927	$ 32,373,735	$ 18,393,464

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

NOTE 19 – DEFINED BENEFIT OPEB PLANS

A. NET OPEB LIABILITY

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

The net OPEB liability represents the School District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually. Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including OPEB.

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

A. NET OPEB LIABILITY (continued)

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, none of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $ 25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $ 123,360.

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

B. PLAN DESCRIPTION - SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) (continued)

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 $ 123,360 for fiscal year 2023. Of this amount $ 123,360 is reported as a Due to other governments.

C. PLAN DESCRIPTION - STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio 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 Ohio. 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, 2023, STRS Ohio did not allocate any employer contributions to post-employment health care.

D. OPEB LIABILITIES/(ASSET), OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

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

	SERS	STRS	Total
Proportionate share of the net OPEB liability/(asset)	$ 2,452,705	$ (3,770,846)	$ (1,318,141)
OPEB expense	$ (262,302)	$ (675,929)	$ (938,231)
Proportion of the net OPEB liability			
Prior measurement date	0.179051%	0.149183%	
Current measurement date	0.174693%	0.145630%	
Change in proportionate share	-0.004358%	-0.003553%	

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

D. OPEB LIABILITIES/(ASSET), OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 20,619	$ 54,666	$ 75,285
Change in assumptions	390,134	160,624	550,758
Net difference between projected and actual earnings on pension plan investments	12,748	65,641	78,389
Change in proportionate share and difference between employer and proportionate share of contributions	96,766	15,549	112,315
School District's contributions subsequent to the measurement date	123,360	-	123,360
Total deferred outflows of resources	$ 643,627	$ 296,480	$ 940,107
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,568,930	$ 566,313	$ 2,135,243
Change in assumptions	1,006,853	2,673,898	3,680,751
Change in proportionate share and difference between employer and proportionate share of contributions	250,177	3,342	253,519
Total deferred inflows of resources	$ 2,825,960	$ 3,243,553	$ 6,069,513

$ 123,360 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	$ (478,067)	$ (861,274)	$ (1,339,341)
2025	(486,150)	(847,469)	(1,333,619)
2026	(450,527)	(404,760)	(855,287)
2027	(312,110)	(168,260)	(480,370)
2028	(291,238)	(219,815)	(511,053)
Thereafter	(287,601)	(445,495)	(733,096)
	$ (2,305,693)	$ (2,947,073)	$ (5,252,766)

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 20212, are presented below:

Inflation	2.40 percent
Wage increase	3.25 percent to 13.58 percent
Investment rate of return	7.00 percent of net of investments expense, including inflation
Municipal bond index rate:	
Prior measurement date	1.92 percent
Measurement date	3.69 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Prior measurement date	2.27 percent
Measurement date	4.08 percent
Medical trend assumptions	7.00 to 4.40 percent

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

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

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

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

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

Asset Class	Target Allocation*	Long-term Expected Real Rate of Return **
Cash	2.00%	-0.45%
U.S.equity	24.75%	5.37%
Non-U.S. equity developed	13.50%	6.22%
Non-U.S. equity emerging	6.75%	8.22%
Fixed income/global bonds	19.00%	1.20%
Private equity	11.00%	10.05%
Real estate/real assets	16.00%	4.87%
Multi-asset strategies	4.00%	3.39%
Private debt/private credit	3.00%	5.38%

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

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – SERS (continued)

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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 3,046,297	$ 2,452,705	$ 1,973,515

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 1,891,476	$ 2,452,705	$ 3,185,761

F. ACTUARIAL ASSUMPTIONS – STRS

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

Salary increases	Varies by service from 2.50 percent to 8.50 percent
Investment rate of return	7.00 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent
Discount rate of return	7.00 percent
Health care cost trends	
Medical	
Pre-medicare	7.50 percent initial, 3.94 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate
Prescription drug	
Pre-medicare	9.00 percent initial, 3.94 percent ultimate
Medicare	-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.

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

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

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

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

Asset Class	Target Allocation *	Long-term Expected Real Rate of Return **
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	1.00%	1.00%

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

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

Discount rate – the discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

NOTE 19 - DEFINED BENEFIT OPEB PLANS (continued)

F. ACTUARIAL ASSUMPTIONS – STRS (continued)

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	$ (3,486,047)	$ (3,770,846)	$ (4,014,799)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$ (3,911,284)	$ (3,770,846)	$ (3,593,576)

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

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

NOTE 20 – COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN YEARS

	2023	2022	2021	2020
School District's proportion of the net pension liability	0.170272%	0.174053%	0.183293%	0.183563%
School District's proportionate share of the net pension liability	$ 9,209,650	$ 6,422,051	$ 12,123,359	$ 10,982,884
School District's covered payroll	$ 6,320,926	$ 6,804,059	$ 5,879,720	$ 5,941,589
School District's proportionate share of the net pension liability as a percentage of its covered payroll	145.70%	94.39%	206.19%	184.85%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.180736%	0.175470%	0.178017%	0.183859%	0.187656%	0.187656%
$ 10,351,057	$ 10,483,957	$ 13,029,231	$ 10,491,173	$ 9,497,163	$ 11,159,300
$ 5,815,570	$ 5,529,957	$ 5,490,240	$ 5,500,454	$ 5,348,209	$ 5,147,461
177.99%	189.58%	237.32%	190.73%	177.58%	216.79%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN YEARS

	2023	2022	2021	2020
School District's proportion of the net pension liability	0.145630%	0.149183%	0.147249%	0.149124%
School District's proportionate share of the net pension liability	$ 32,373,735	$ 19,074,425	$ 35,629,067	$ 32,977,826
School District's covered payroll	$ 19,633,118	$ 18,462,003	$ 14,992,447	$ 14,941,062
School District's proportionate share of the net pension liability as a percentage of its covered payroll	164.89%	103.32%	237.65%	220.72%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.149469%	0.148463%	0.148548%	0.145142%	0.142031%	0.142031%
$ 32,864,947	$ 35,267,785	$ 49,723,497	$ 40,113,053	$ 34,546,845	$ 41,151,976
$ 14,794,914	$ 14,274,635	$ 15,866,136	$ 15,398,181	$ 14,589,532	$ 14,369,829
222.14%	247.07%	313.39%	260.51%	236.79%	286.38%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS - PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 894,577	$ 792,824	$ 948,757	$ 836,624
Contributions in relation to the contractually required contribution	(894,577)	(792,824)	(948,757)	(836,624)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District covered payroll	$ 6,320,926	$ 5,729,755	$ 6,804,059	$ 5,879,720
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

	2019	2018	2017	2016	2015	2014
	$ 843,380	$ 785,102	$ 774,194	$ 768,634	$ 724,960	$ 740,192
	(843,380)	(785,102)	(774,194)	(768,634)	(724,960)	(740,192)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 5,941,589	$ 5,815,570	$ 5,529,957	$ 5,490,240	$ 5,500,454	$ 5,348,209
	13.50%	13.50%	14.00%	14.00%	13.18%	13.84%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS - PENSION
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 2,779,569	$ 2,710,788	$ 2,595,411	$ 2,126,640
Contributions in relation to the contractually required contribution	(2,779,569)	(2,710,788)	(2,595,411)	(2,126,640)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District covered payroll	$ 19,633,118	$ 19,037,932	$ 18,462,003	$ 14,992,447
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
$ 2,048,383	$ 2,071,288	$ 1,998,449	$ 2,221,259	$ 2,155,745	$ 1,896,639
(2,048,383)	(2,071,288)	(1,998,449)	(2,221,259)	(2,155,745)	(1,896,639)
$ -	$ -	$ -	$ -	$ -	$ -
$ 14,941,062	$ 14,794,914	$ 14,274,635	$ 15,866,136	$ 15,398,181	$ 14,589,532
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS (1)

	2023	2022	2021	2020
School District's proportion of the net OPEB liability	0.174693%	0.179051%	0.187746%	0.188443%
School District's proportionate share of the net OPEB liability	$ 2,452,705	$ 3,388,677	$ 4,080,335	$ 4,738,940
School District's covered payroll	$ 6,320,926	$ 6,804,059	$ 5,879,720	$ 5,941,589
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.80%	49.80%	69.40%	79.76%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

See accompanying notes to the required supplementary information.

	2019	2018	2017
	0.183177%	0.179048%	0.179338%
	$ 5,081,814	$ 4,805,175	$ 5,111,797
	$ 5,815,570	$ 5,529,957	$ 5,490,240
	87.38%	86.89%	93.11%
	13.57%	12.46%	11.49%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY(ASSET)
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS (1)

	2023	2022	2021	2020
School District's proportion of the net OPEB liability (asset)	0.145630%	0.149183%	0.147249%	0.149124%
School District's proportionate share of the net OPEB liability/(asset)	$ (3,770,846)	$ (3,145,407)	$ (2,587,902)	$ (2,469,848)
School District's covered payroll	$ 19,633,118	$ 18,462,003	$ 14,992,447	$ 14,941,062
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	-19.21%	-17.04%	-17.26%	-16.53%
Plan fiduciary net position as a percentage of the total OPEB liability	230.70%	174.70%	182.10%	174.74%

(1) Information prior to 2017 is not available. This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

	2019	2018	2017
	0.149469%	0.148463%	0.148548%
	$ (2,401,820)	$ 5,792,492	$ 7,944,386
	$ 14,794,914	$ 14,274,635	$ 15,866,136
	-16.23%	40.58%	50.07%
	176.00%	47.10%	37.30%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS (1)

	2023	2022	2021	2020
Contractually required contribution (1)	$ 123,360	$ 117,091	$ 113,080	$ 104,708
Contributions in relation to the contractually required contribution	(123,360)	(117,091)	(113,080)	(104,708)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District covered payroll	$ 6,320,926	$ 5,729,755	$ 6,804,059	$ 5,879,720
OPEB contributions as a percentage of covered payroll	1.95%	2.04%	1.66%	1.78%

(1) Includes Surcharge

	2019	2018	2017	2016	2015	2014
	$ 150,543	$ 125,964	$ 102,147	$ 91,549	$ 87,366	$ 103,925
	(150,543)	(125,964)	(102,147)	(91,549)	(87,366)	(103,925)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 5,941,589	$ 5,815,570	$ 5,529,957	$ 5,490,240	$ 5,500,454	$ 5,348,209
	2.53%	2.17%	1.85%	1.67%	1.59%	1.94%

BAY VILLAGE CITY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S CONTRIBUTIONS - OPEB
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS (1)

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District covered payroll	$ 19,633,118	$ 19,037,932	$ 18,462,003	$ 14,992,447
OPEB contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplement information.

2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ 145,895
-	-	-	-	-	(145,895)
$ -	$ -	$ -	$ -	$ -	$ -
$ 14,941,062	$ 14,794,914	$ 14,274,635	$ 15,866,136	$ 15,398,181	$ 14,589,532
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below.

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in assumptions

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was increased from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in benefit terms

For fiscal year 2021, cost-of-living adjustments was reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in assumptions

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

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017.The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

NOTE 1 - NET PENSION LIABILITY (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (continued)

Changes in benefit terms

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 – NET OPEB LIABILITY

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in assumptions

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

Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare Trend Assumption

Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in benefit terms

There have been no changes to the benefit provisions.

NOTE 2 – NET OPEB LIABILITY (continued)

B. STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in assumptions

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Healthcare cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in benefit terms

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

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

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

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

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education and Workforce			
Child Nutrition Cluster:			
National School Lunch Program	10.555		$873,421
COVID-19 National School Lunch Program	10.555		63,312
Total Child Nutrition Cluster			936,733
Total U.S. Department of Agriculture			936,733
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education and Workforce			
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA Part B) - FY 2022	84.027		28,550
Special Education - Grants to States (IDEA Part B) - FY 2023	84.027		671,488
COVID-19 Special Education (ARP IDEA Part B)	84.027		77,860
Subtotal Special Education (IDEA Part B)			777,898
Special Education - Preschool Grants (IDEA Preschool) - FY 2023	84.173		12,179
COVID-19 Special Education (ARP IDEA Preschool)	84.173		38
Subtotal Special Education - Preschool (IDEA Preschool)			12,217
Total Special Education Cluster (IDEA)			790,115
Title I Grants to Local Education Agencies - FY 2023	84.010		92,693
Total Title I Grant to Local Educational Agencies			92,693
Title III, Part A, English Acquisition State Grants - FY 2023	84.365	346000814	1,992
Total Title III, Part A, English Acquisition State Grants			1,992
Title II, Part A, Supporting Effective Instruction State Grants - FY 2023	84.367		36,005
Total Title II, Part A, Supporting Effective Instruction State Grants			36,005
Title IV, Part A Student Support and Academic Enrichment - FY 2023	84.424		10,000
Total Title IV, Part A Student Support and Academic Enrichment			10,000
COVID-19 - ARP Elementary and Secondary School Emergency Relief Fund (ARP ESSER) - FY 2023	84.425U		794,283
COVID-19 - ARP Elementary and Secondary School Emergency Relief Fund (ARP ESSER) - FY 2022	84.425U		3,600
COVID-19 - ARP Elementary and Secondary School Emergency Relief Fund (ARP ESSER State Activity Supplement) - FY 2023	84.425U		405,930
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II) - FY 2023	84.425D		3,252
Total COVID-19 Elementary and Secondary School Emergency Relief Fund			1,207,065
Total U.S. Department of Education			2,137,870
Total Expenditures of Federal Awards			**$3,074,603**

The accompanying notes are an integral part of this schedule.

BAY VILLAGE CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Bay Village City School District
Cuyahoga County
377 Dover Center Road
Bay Village, Ohio 44140

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Bay Village City School District, Cuyahoga County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 6, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2024

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Bay Village City School District
Cuyahoga County
377 Dover Center Road
Bay Village, Ohio 44140

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Bay Village City School District's, Cuyahoga County, (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 Bay Village City School District's major federal program for the year ended June 30, 2023. Bay Village City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and 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 the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2024

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SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Education Stabilization Fund – Elementary and Secondary School Emergency Relief Fund (ESSER): AL# 84.425D – ESSER II AL# 84.425U – American Rescue Plan ESSER Fund
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

BAY VILLAGE CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/21/2024

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