CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

TECUMSEH LOCAL SCHOOL DISTRICT
CLARK COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 08, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

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 Tecumseh Local School District (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 District, as of June 30, 2023, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

Auditors' 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 auditors' 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 the schedules of the District's pension and OPEB amounts and contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 18, 2024

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The discussion and analysis of Tecumseh Local 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 notes to the basic financial statements and financial 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 for governmental activities increased $2,614,205, which represents a 12.2% increase. The increase in the equity in pooled cash and cash equivalents contributed to the increase.

- General revenues accounted for $34,716,301 in revenue or 80.16% of governmental revenues. Program specific revenues in the form of charges for services and operating grants, capital grants and contributions and interest accounted for $8,591,471 or 19.84% of governmental revenues of $43,307,772.

- The School District had $40,693,567 in governmental expenses; $8,591,471 of these expenses were offset by program specific charges for services, grants or contributions. General revenues for governmental activities (primarily taxes and entitlements) of $34,716,301 also contributed to these programs.

- The general fund had $33,472,038 in revenues and $31,093,173 in expenditures. The general fund's balance increased $2,378,865 from 2022.

- The School District had $10,915,000 in general obligation bonds outstanding, a decrease of $1,015,000 from prior year.

Using this Generally Accepted Accounting Principles Report (GAAP)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the School District's net position and changes in 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, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

Governmental Funds

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

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2023 compared to fiscal year 2022:

Table 1
Net Position

	Governmental Activities	
	2022	2023
Assets		
Current and Other Assets	$33,792,609	$37,490,297
Capital Assets	47,819,567	46,497,299
Net OPEB Asset	2,528,437	2,967,623
Total Assets	84,140,613	86,955,219
Deferred Outflows of Resources		
Deferred Charge on Refunding	489,506	440,555
Pension	8,391,185	7,790,615
OPEB	1,103,826	867,004
Total Deferred Outflows of Resources	9,984,517	9,098,174
Liabilities		
Current and Other Liabilities	4,071,535	4,742,783
Long-Term Liabilities		
Due Within One Year	1,127,236	1,116,170
Due in More Than One Year		
Net Pension Liability	20,436,619	32,279,114
Net OPEB Liability	2,692,768	1,804,181
Other Amounts	13,286,325	12,223,455
Unamortized Bond Premium	556,878	501,190
Total Liabilities	42,171,361	52,666,893
Deferred Inflows of Resources		
Deferred Charge on Refunding	4,313	3,594
Pension	16,775,634	4,243,715
OPEB	4,628,987	4,936,210
Other Inflows	9,097,388	10,141,329
Total Deferred Inflows of Resources	30,506,322	19,324,848
Net Position		
Invested in Capital Assets, Net of Debt	35,817,851	35,300,664
Restricted	7,105,701	6,909,557
Unrestricted	(21,476,105)	(18,148,569)
Total Net Position	$21,447,447	24,061,652

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an amendment of GASB Statement 27". In addition, the School District reports a liability for other postemployment benefits (OPEB) in accordance with 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, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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 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 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB asset/liability 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. GASB noted that the unfunded portion of this pension 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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.

Over time, net position can serve as a useful indicator of the School District's financial position. Total net position increased $2,614,205 for fiscal year 2023. The unrestricted net position deficit improved $3,327,536.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS) See Note 10 for more detail.

Capital assets represent 53.47% of total assets. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided form other sources, since capital assets may not be used to liquidate these liabilities. Capital assets decreased in fiscal year 2023 because of the continued depreciation and amortization of the capital assets.

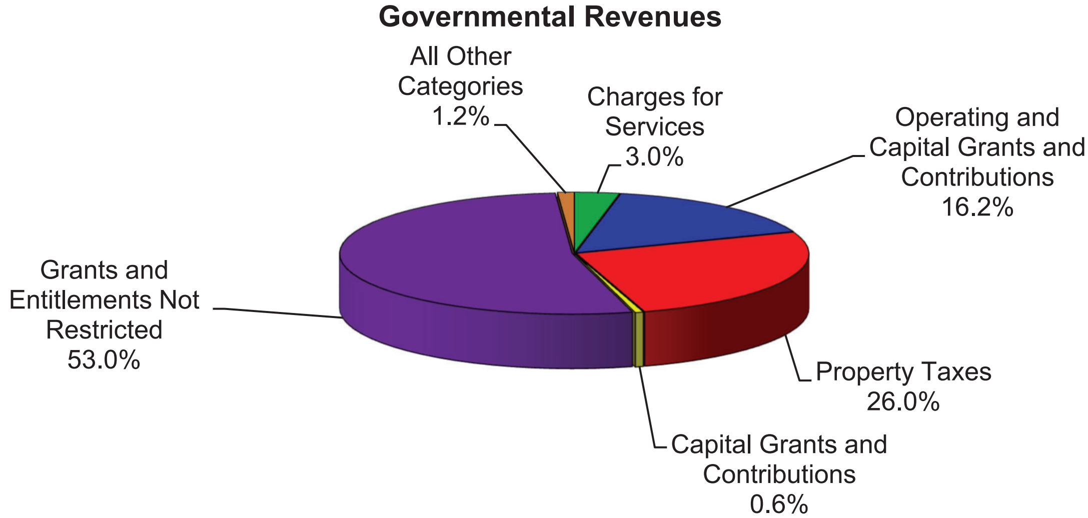
Long-term liabilities increased primarily due to an increase in net pension liability. The increase in net pension liability and decrease in the net OPEB liability are outside the control of the School District. The School District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the School District.

The net pension liability increased $11,842,495 and deferred inflows of resources related to pension decreased $12,531,919. These changes were the result of changes in assumptions at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

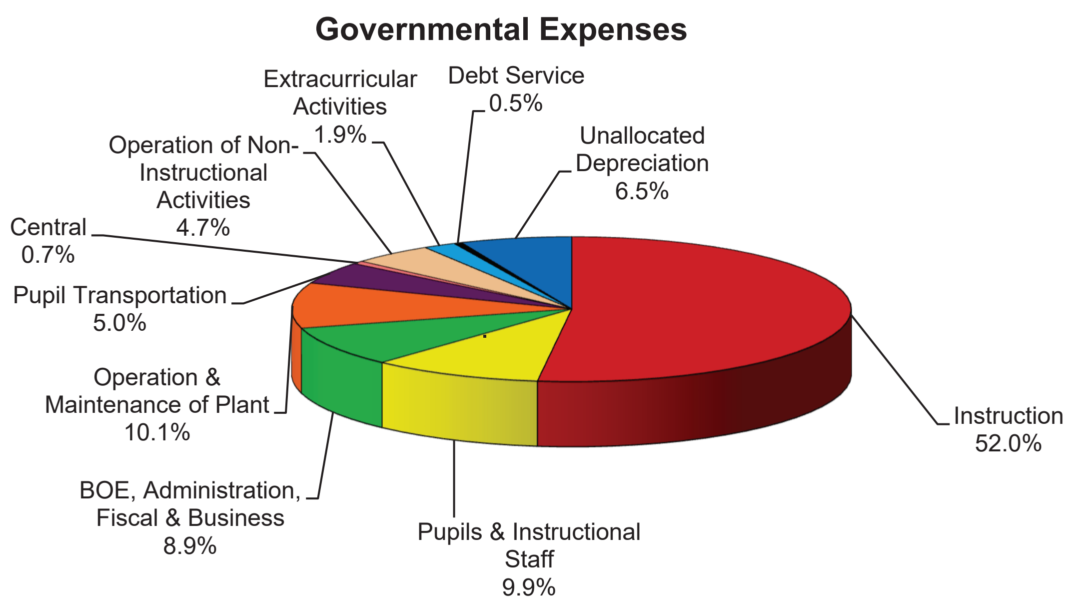
Table 2 shows the changes in net position for governmental activities for fiscal year 2022 and 2023.

Table 2
Change in Net Position

	Governmental Activities		Percentage
	2022	2023	Change
Revenues			
Program Revenues:			
Charges for Services	$1,342,842	$1,349,116	0.47%
Operating Grants and Contributions	6,370,650	7,000,340	9.88
Capital Grants and Contributions	-	242,015	100.00
Total Program Revenues	7,713,492	8,591,471	11.38
General Revenues			
Property Taxes	9,044,359	11,256,958	24.46
Grants and Entitlements Not Restricted	22,979,338	22,956,567	(0.10)
Other	(135,632)	502,776	(470.69)
Total General Revenues	31,888,065	34,716,301	8.87
Total Revenues	39,601,557	43,307,772	9.36
Program Expenses			
Instruction	18,626,462	21,142,458	13.51
Support Services:			
Pupils and Instructional Staff	3,228,095	4,010,657	24.24
Board of Education, Administration, Fiscal and Business	3,323,952	3,623,792	9.02
Operation and Maintenance of Plant	4,560,702	4,124,538	(9.56)
Pupil Transportation	1,953,126	2,017,201	3.28
Central	143,984	269,495	87.17
Operation of Non-Instructional Services	1,656,675	1,926,188	16.27
Extracurricular Activities	704,760	765,409	8.61
Interest and Fiscal Charges	209,010	186,153	(10.94)
Unallocated Depreciation	2,634,047	2,627,676	(0.24)
Total Expenses	37,040,813	40,693,567	9.86
Change in Net Position	2,560,744	2,614,205	(2.09)
Net Position, Beginning of Year	18,886,703	21,447,447	
Net Position, End of Year	$21,447,447	$24,061,652	12.19



The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. The overall revenue generated by a levy does not increase solely as a result of inflation. Property taxes made up 26.0% and 22.8% of revenues for governmental activities for the Tecumseh Local School District for fiscal year 2023 and 2022 respectively. The last new operating levy approved by the voters in the School District occurred in 1995. The School District is extremely dependent upon intergovernmental revenues provided by the State of Ohio and the federal government; approximately 53.0% and 58.0% of the School District's total revenue was received from intergovernmental sources during fiscal year 2023 and 2022, respectively. Operating and capital grants and contributions increased slightly, from 16.1% of revenues to 16.2% from 2022 to 2023 due to ESSER grant funding.



Instruction comprises 52.0 percent of district expenses. Support services expenses make up 34.5 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Governmental Activities

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2023	Net Cost of Services 2023
Instruction	$18,626,462	($15,701,812)	$21,142,458	($18,126,711)
Support Services:				
Pupils and Instructional Staff	3,228,095	(2,539,644)	4,010,657	(2,308,396)
Board of Education, Administration, Fiscal and Business	3,323,952	(3,034,519)	3,623,792	(3,092,430)
Operation and Maintenance of Plant	4,560,702	(3,981,487)	4,124,538	(2,950,643)
Pupil Transportation	1,953,126	(1,937,246)	2,017,201	(1,763,342)
Central	143,984	(143,984)	269,495	(267,831)
Operation of Non-Instructional Services	1,656,675	1,165,503	1,926,188	(462,000)
Extracurricular Activities	704,760	(311,075)	765,409	(316,914)
Interest & Fiscal Charges & Issuance Costs	209,010	(209,010)	186,153	(186,153)
Unallocated Depreciation	2,634,047	(2,634,047)	2,627,676	(2,627,676)
Total Expenses	$37,040,813	($29,327,321)	$40,693,567	($32,102,096)

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

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

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

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

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

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

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

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

Extracurricular activities includes expenses related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.
Interest and fiscal charges and issue cost involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Approximately 79 percent of all activities are supported through taxes and other general revenues. The community along with State revenues, as a whole, is the primary support for the Tecumseh Local School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $43,585,929, an increase of $3,957,036 from prior year. All governmental funds had total expenditures of $41,324,549, an increase of $2,846,098 from prior year.

The net change in fund balance for the general fund was $2,378,865. Taxes revenue increased due to the changes in the amounts available for advance at fiscal-year end.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget, which resulted in an appropriation increase of $4,742,523. A significant portion of the increase was for increased transportation costs, specifically fuel. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, the original budget basis revenue estimate was increased only $48,595 for the final amounts.

Capital Assets

At the end of fiscal year 2023, the School District had $46,497,299 invested in governmental land, land improvements, buildings and improvements, furniture, equipment, and fixtures, vehicles, and intangible – right to use: leased equipment.

Table 4 shows fiscal year 2023 balances compared to fiscal year 2022.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	2022	2023
Land	$520,022	$520,022
Land Improvements	76,366	290,691
Buildings and Improvements	85,429,955	85,820,830
Furniture, Equipment & Fixtures	2,889,979	3,230,870
Vehicles	2,785,630	3,288,751
Intangible - Right to Use:		
Leased Equipment	204,508	263,323
Accumulated Depreciation & Amortization	(44,086,893)	(46,917,188)
Totals	$47,819,567	$46,497,299

Overall capital assets decreased $1,322,268 from fiscal year 2022 to fiscal year 2023. Depreciation and amortization expense exceeded capital asset additions resulting in the decrease. Additions for 2023 included blacktop of high school parking lot, installation of new boilers, and five buses. For more information on capital assets see Note 9 of the Basic Financial Statements.

Debt Administration

At June 30, 2023, the School District had the following outstanding long-term general obligation debt:

	Amount Outstanding 6/30/22	Amount Outstanding 6/30/23
Governmental Activities		
Refunding Bonds 2020	$5,450,000	$5,360,000
Refunding Bonds 2012	925,000	0
Refunding Bonds 2019	5,555,000	5,555,000
Total General Obligation Bonds	$11,930,000	$10,915,000
Unamortized Premium on Bonds	$556,878	$501,190

For more information on the School District's debt, see Note 15 of the Basic Financial Statements.

Current Financial Issues and Concerns

On November 2, 2021, Tecumseh residents passed a five-year 2.13-mill renewal levy that will generate $712,000 per year.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Denise Robinson, Treasurer at Tecumseh Local School District, 9760 West National Road, New Carlisle, OH 45344 or email denise.robinson@tecumsehlocal.org.

Tecumseh Local School District

Statement of Net Position

June 30, 2023

	GOVERNMENTAL ACTIVITIES
Assets:	
Equity in Pooled Cash and Cash Equivalents	$24,043,503
Cash and Cash Equivalents in Segregated Accounts	4,500
Accounts Receivable	131,628
Intergovernmental Receivable	1,239,799
Prepaid Items	635,882
Property and Other Taxes Receivable	11,395,288
Lease Receivable	39,697
Depreciable Capital Assets, Net	45,977,277
Land	520,022
Net OPEB Asset	2,967,623
Total Assets	86,955,219
Deferred Outflows of Resources:	
Deferred Charge on Refunding	440,555
Pension	7,790,615
OPEB	867,004
Total Deferred Outflows of Resources	9,098,174
Liabilities:	
Accounts/Contracts Payable	360,970
Accrued Wages and Benefits Payable	3,265,727
Intergovernmental Payable	928,857
Accrued Interest Payable	15,455
Matured Compensated Absences Payable	137,245
Vacation Leave Payable	34,529
Long Term Liabilities:	
Due Within One Year	1,116,170
Due In More Than One Year	
Net Pension Liability	32,279,114
Net OPEB Liability	1,804,181
Other Amounts Due In More Than One Year	12,724,645
Total Liabilities	52,666,893
Deferred Inflows of Resources:	
Deferred Charge on Refunding	3,594
Property Taxes not Levied to Finance Current Year Operations	10,101,632
Pension	4,243,715
OPEB	4,936,210
Leases	39,697
Total Deferred Inflows of Resources	19,324,848
Net Position:	
Net Investment in Capital Assets	35,300,664
Restricted for:	
Debt Service	1,435,430
Capital Projects	2,000,563
Other Purposes	3,362,942
Set-asides	80,032
Non-expendable	2,452
Unclaimed Monies	28,138
Unrestricted	(18,148,569)
Total Net Position	$24,061,652

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2023

	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES AND SALES	PROGRAM REVENUES: OPERATING GRANTS CONTRIBUTIONS AND INTEREST	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION: TOTAL GOVERNMENTAL ACTIVITIES
Governmental Activities					
Instruction:					
Regular	$13,260,364	$493,241	$700,067	$0	($12,067,056)
Special	6,485,802	36,274	903,160	0	(5,546,368)
Vocational	399,704	4,221	129,858	0	(265,625)
Student Intervention Services	619,238	0	740,964	0	121,726
Other	377,350	0	7,962	0	(369,388)
Support Services:					
Pupils	3,140,952	0	1,272,355	0	(1,868,597)
Instructional Staff	869,705	3,130	426,776	0	(439,799)
Board of Education	89,890	0	0	0	(89,890)
Administration	2,776,398	0	531,362	0	(2,245,036)
Fiscal	736,068	0	0	0	(736,068)
Business	21,436	0	0	0	(21,436)
Operation and Maintenance of Plant	4,124,538	39,534	1,134,361	0	(2,950,643)
Pupil Transportation	2,017,201	7,669	4,175	242,015	(1,763,342)
Central	269,495	0	1,664	0	(267,831)
Operation of Non-Instructional Services	1,926,188	376,404	1,087,784	0	(462,000)
Extracurricular Activities	765,409	388,643	59,852	0	(316,914)
Interest and Fiscal Charges	186,153	0	0	0	(186,153)
Depreciation - Unallocated	2,627,676	0	0	0	(2,627,676)
Total	$40,693,567	$1,349,116	$7,000,340	$242,015	(32,102,096)

General Revenues:	
Property Taxes Levied for:	
General Purposes	9,377,476
Capital Outlay	675,658
Debt Service	1,081,194
Capital Maintenance	122,630
Grants and Entitlements not Restricted to Specific Programs	22,956,567
Gifts and Donations not Restricted to Specific Programs	500
Investment Earnings/Change in Fair Value	440,305
Miscellaneous	61,971
Total General Revenues	34,716,301
Change in Net Position	2,614,205
Net Position Beginning of Year	21,447,447
Net Position End of Year	$24,061,652

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District
Balance Sheet
Governmental Funds
June 30, 2023

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets:			
Equity in Pooled Cash and Cash Equivalents	$17,255,513	$6,787,990	$24,043,503
Cash and Cash Equivalents in Segregated Accounts	0	4,500	4,500
Receivables:			
Property and Other Taxes	9,554,506	1,840,782	11,395,288
Accounts	130,978	650	131,628
Intergovernmental	9,390	1,230,409	1,239,799
Interfund	605,328	0	605,328
Leases	39,697	0	39,697
Prepaid Items	616,000	19,882	635,882
Total Assets	$28,211,412	$9,884,213	$38,095,625
Liabilities:			
Accounts/Contracts Payable	$96,893	$264,077	$360,970
Matured Compensated Absences Payable	129,612	7,633	137,245
Accrued Wages and Benefits Payable	2,797,856	467,871	3,265,727
Intergovernmental Payable	466,704	462,153	928,857
Interfund Payable	0	605,328	605,328
Total Liabilities	3,491,065	1,807,062	5,298,127
Deferred Inflows of Resources:			
Property Taxes not Levied to Finance Current Year Operations	8,641,284	1,460,348	10,101,632
Leases	39,697	0	39,697
Unavailable Revenue	365,285	82,031	447,316
Total Deferred Inflows of Resources	9,046,266	1,542,379	10,588,645
Fund Balances:			
Nonspendable	644,138	21,882	666,020
Restricted	80,032	6,598,982	6,679,014
Assigned	4,582,013	0	4,582,013
Unassigned	10,367,898	(86,092)	10,281,806
Total Fund Balances	15,674,081	6,534,772	22,208,853
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$28,211,412	$9,884,213	$38,095,625

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2023

Total Governmental Fund Balances		$22,208,853
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	520,022	
Land Improvements	290,691	
Building and Improvements	85,820,830	
Furniture/Equipment/Fixtures	3,230,870	
Vehicles	3,288,751	
Intangible - Right to Use: Leased Equipment	263,323	
Accumulated Depreciation	(46,917,188)	46,497,299
Total Capital Assets		
Deferred outflows shown in governmental activities are not financial resources and therefore are not reported in the funds.		
Deferred Charge on Refunding		440,555
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:		
Property Taxes Receivable		447,316
The net position/OPEB liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in governmental funds:		
Deferred Outflows - Pension/OPEB	8,657,619	
Deferred Inflows - Pension/OPEB	(9,179,925)	
Net Pension/OPEB Asset/Liability	(31,115,672)	
		(31,637,978)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
General Obligation Bonds Payable	(10,915,000)	
Lease Payable	(165,665)	
Unamortized Premium on Bonds	(501,190)	
Deferred Charge on Refunding	(3,594)	
Accrued Interest Payable	(15,455)	
Vacation Leave Payable	(34,529)	
Compensated Absences Payable	(2,258,960)	(13,894,393)
Net Position of Governmental Activities		$24,061,652

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

	GENERAL	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Revenues:			
Property and Other Taxes	$9,414,514	$1,891,272	$11,305,786
Intergovernmental	22,730,240	7,557,362	30,287,602
Interest/Change in Fair Value	398,005	90,685	488,690
Tuition and Fees	589,131	0	589,131
Rent	39,534	0	39,534
Extracurricular Activities	14,219	285,815	300,034
Gifts and Donations	38,192	54,572	92,764
Charges for Services	145,482	221,721	367,203
Miscellaneous	102,721	12,464	115,185
Total Revenues	33,472,038	10,113,891	43,585,929
Expenditures:			
Current:			
Instruction:			
Regular	12,935,330	558,811	13,494,141
Special	5,582,638	1,005,912	6,588,550
Vocational	366,531	5,505	372,036
Student Intervention Services	0	619,238	619,238
Other	329,403	59,885	389,288
Support Services:			
Pupils	1,980,615	1,215,581	3,196,196
Instructional Staff	420,154	389,633	809,787
Board of Education	89,991	0	89,991
Administration	2,386,734	512,209	2,898,943
Fiscal	752,899	35,424	788,323
Business	21,436	0	21,436
Operation and Maintenance of Plant	3,167,063	1,663,773	4,830,836
Pupil Transportation	2,029,654	501,256	2,530,910
Central	343,200	2,215	345,415
Operation of Non-Instructional Services	115,359	1,889,257	2,004,616
Extracurricular Activities	476,102	291,838	767,940
Capital Outlay	1,550	270,600	272,150
Debt Service:			
Principal Retirement	94,514	1,015,000	1,109,514
Interest and Fiscal Charges	0	195,239	195,239
Total Expenditures	31,093,173	10,231,376	41,324,549
Net Change in Fund Balances	2,378,865	(117,485)	2,261,380
Fund Balances at Beginning Of Year	13,295,216	6,652,257	19,947,473
Fund Balances at End of Year	$15,674,081	$6,534,772	$22,208,853

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$2,261,380
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Asset Additions	1,634,113	
Depreciation/Amortization Expense	(2,951,904)	
Total		(1,317,791)
The proceeds from the sale of capital assets are reported as an other financing source in the governmental funds. However, the cost of the capital assets is removed from the capital assets account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.		
Loss on Disposal of Capital Assets		(4,477)
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current fiscal year, these amounts consist of:		
General Obligation Bonds	1,015,000	
Amortization of Deferred Inflow on Refunding Bonds	719	
Amortization of Premium on Bonds	55,688	
Amortization of Deferred Charge on Refunding Bonds	(48,951)	
Leases Payable	94,514	
Total		1,116,970
The acquisition of capital assets through a lease agreement does not provide current financial resources; therefore, it is not reported in the funds.		
Leases Payable		(140,130)
Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues decreased by this amount this year.		
Property Taxes	(48,828)	
Intergovernmental Grants	(229,329)	
		(278,157)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,890,044	
OPEB	93,922	
		2,983,966
Except for amounts reported as deferred inflows/outflows, change in net pension/OPEB liability are reported as pension expense in the statement of activities.		
Pension	(2,801,190)	
OPEB	689,806	
		(2,111,384)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in Vacation Leave Payable	(2,354)	
Decrease in Compensated Absences	104,552	
Decrease in Accrued Interest Payable	1,630	
Total		103,828
Change in Net Position of Governmental Activities		$2,614,205

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget (Non-GAAP Basis) and Actual

General Fund

For the Fiscal Year Ended June 30, 2023

	BUDGETED AMOUNTS			
	ORIGINAL	FINAL	ACTUAL	VARIANCE WITH FINAL BUDGET
Revenues:				
Property and Other Taxes	$8,445,000	$8,445,000	$9,122,453	$677,453
Intergovernmental	22,489,620	22,538,215	23,017,969	479,754
Interest	100,000	100,000	435,771	335,771
Tuition and Fees	236,899	236,899	554,042	317,143
Rent	5,000	5,000	40,187	35,187
Gifts and Donations	0	0	500	500
Miscellaneous	22,065	22,065	61,704	39,639
Total Revenues	31,298,584	31,347,179	33,232,626	1,885,447
Expenditures:				
Current:				
Instruction:				
Regular	12,310,601	13,181,334	12,870,190	311,144
Special	4,805,232	5,924,172	5,666,825	257,347
Vocational	418,777	404,800	367,094	37,706
Other	143,430	414,800	325,452	89,348
Support Services:				
Pupils	1,911,808	2,040,257	1,984,804	55,453
Instructional Staff	893,330	886,922	566,775	320,147
Board of Education	100,392	169,459	152,964	16,495
Administration	2,762,642	2,732,626	2,515,805	216,821
Fiscal	780,020	771,451	769,939	1,512
Business	58,495	58,000	32,017	25,983
Operation and Maintenance of Plant	2,956,522	4,617,344	4,023,825	593,519
Pupil Transportation	1,871,368	2,354,387	2,347,719	6,668
Central	365,210	563,498	445,143	118,355
Operation of Non-Instructional Services	660	653	0	653
Extracurricular Activities	500,424	499,731	477,844	21,887
Capital Outaly	0	2,000	1,550	450
Total Expenditures	29,878,911	34,621,434	32,547,946	2,073,488
Excess of Revenues Under Expenditures	1,419,673	(3,274,255)	684,680	3,958,935
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	0	0	8,904	8,904
Insurance Recoveries	15,000	15,000	0	(15,000)
Refund of Prior Year Expenditure	2,000	2,000	(7)	(2,007)
Transfers In	0	0	195,211	195,211
Advance In	100,000	100,000	676,532	576,532
Transfers Out	0	0	(186,288)	(186,288)
Total Other Financing Sources (Uses)	117,000	117,000	694,352	577,352
Net Change in Fund Balances	1,536,673	(3,157,255)	1,379,032	4,536,287
Fund Balance at Beginning of Year	12,164,085	12,164,085	12,164,085	0
Prior Year Encumbrances Appropriated	1,585,038	1,585,038	1,585,038	0
Fund Balance at End of Year	$15,285,796	$10,591,868	$15,128,155	$4,536,287

See Accompanying Notes to the Basic Financial Statements

Tecumseh Local School District

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2023

	CUSTODIAL
Additions	
Miscellaneous	$78,293
Deductions	
Payments to Other Organiztions	78,293
Change in Net Position	0
Net Position - Beginning of Year	0
Net Position - End of Year	$0

See accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Tecumseh Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government and provides educational services as mandated by State statute and federal guidelines.

The School District was established in 1875 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 50 square miles. It is located in Clark and Miami Counties, and includes all of the City of New Carlisle and portions of Bethel and Pike Townships. It provides services to approximately 2,700 students and other community members. The School District currently operates six instructional buildings, one administrative building, and one garage.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. The School District is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District has no component units.

The School District participates in four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
Miami Valley Educational Computer Association
Clark County Family and Children First Council
Springfield-Clark Career Technology Center
Tecumseh Education Foundation

Insurance Purchasing Pool:
Southwestern Ohio Educational Purchasing Council

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. 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 government-wide financial statements distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

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

Fund Financial Statements:

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

B. Fund Accounting

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds:

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

> *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. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fiduciary Fund:

Fiduciary fund reporting focuses on net position and change 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 not available to support the School District's own programs. The School District's custodial fund accounts for tournament and New Carlisle Library monies.

C. 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, 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 accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements:

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

D. Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions:

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

Non-exchange 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension/OPEB. A deferred charge on refunding results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources to pension/OPEB are explained in Note 11 and Note 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension/OPEB, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental 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 and intergovernmental receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to rent revenue in a systematic a rational manner over the term of the lease. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position. (See Note 11 and Note 12)

Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

The School District has segregated bank accounts for monies held separate from the School District’s central bank account. These depository accounts are presented on the combined balance sheet as “Cash and Cash Equivalents in Segregated Accounts” since they are not required to be deposited in the School District Treasury.

The School District’s investment in the State Treasury Asset Reserve of Ohio (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 GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”. The School District measurers 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The School District also had investments in Federally backed Agency securities, commercial paper, and negotiable CDs at June 30, 2023, which are reported at fair value.

The Board of Education 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 $398,005; $47,586 of the interest posted to the General Fund was allocated from other funds.

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

F. Prepaid Items

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

G. Capital Assets

The School District's only capital assets are 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 in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Depreciation and amortization are computed using the straight-line method over the following useful lives:

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES (continued)

Description	Estimated Lives
Land Improvements	10 years
Buildings and Improvements	30 years
Furniture/Equipment/Fixtures	5-10 years
Vehicles	10 years
Intangible - Right to Use: Leased Equipment	5 years

H. Accrued Liabilities and Long-term Obligations

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

In general, 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 governmental funds. However, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time for administrators because they can use their balance until the end of August and can request a cash payout of up to 10 days.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Pensions/Other Postemployment Benefits (OPEB)

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

K. 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 governmental funds. The classifications are as follows:

Non-spendable – The non-spendable classification 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' includes items that are not expected to be converted to cash.

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

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 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 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 fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

L. Net Position

Net position represents the difference between assets, liabilities, and deferred outflows/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 their 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. Net position restricted for other purposes includes activities for food service operations, music and athletic programs, and federal and state grants restricted to expenditures for specified purposes.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. None of the restricted net position amounts were restricted by enabling legislation.

M. Bond Discounts/Premiums

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. Bond premiums/discounts are presented as additions/reductions to the face amount of the bonds payable. On the government-wide fund financial statements, bond premiums and discounts are recognized in the period in which the debt is issued.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are eliminated on the statement of activities. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. On the fund statements, receivables and payables resulting from short-term loans are classified as “interfund receivables” and “interfund payables”. These amounts are eliminated in the Statement of Net Position.

O. Estimates

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. Budgetary Data

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

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual 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 are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as assigned fund balance (GAAP).

4. Perspective differences as a result of fund structure differences.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING (continued)

Net Change in Fund Balance

	General
GAAP Basis	$2,378,865
Revenue Accruals	(41)
Expenditure Accruals	(316,531)
Perspective Differences	(20,549)
Advances	676,532
Encumbrances	(1,339,244)
Budget Basis	$1,379,032

NOTE 4 - FUND DEFICITS

The Title I-C, IDEA Part B, Title III, Title I, ESSER and Title IIA special revenue funds had deficit fund balances at June 30, 2023, of $9,051, $24,003, $944, $43,946, $2 and $8,146, respectively. Management expects the remaining deficits in these funds to be corrected in early fiscal year 2024 when grant dollars are received.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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 Ohio Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

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

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

8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and, bankers' acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days, if training requirements have been met.

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.

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 trustees or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited with a qualified trustee by the financial institution as security for repayment, whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of the State to secure the repayment of all public monies deposited with the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year-end, the carrying amount of the School District's deposits was $2,838,069 and the bank balance was $2,943,972. The entire bank balance was insured by federal depository insurance or was collateralized through the OPCS.

Investments

At June 30, 2023, the School District had the following investments:

	Investment Maturity				Credit Rating
Investment	Less than 1 Yr	1-2 Years	3-5 Years	Total	Moody's
First American Treasury Obligations Fund	$602,755	$0	$0	$602,755	AAAm
US Government Agency Notes	1,040,522	3,693,996	683,833	5,418,351	Aaa
US Treasury Notes	248,350	393,101	-	641,451	Aaa
Negotiable Certificates of Deposit	1,722,494	2,618,518	-	4,341,012	NA
Commercial Paper	3,586,800	-	-	3,586,800	P-1
STAR Ohio	6,619,565	-	-	6,619,565	AAAm
	$ 13,820,486	$6,705,615	$683,833	$21,209,934	

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. The School District's investment in First American Treasury Obligations Fund is valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in US Government Agency Notes, US Treasury Notes, commercial paper and negotiable certificates of deposits are valued using quoted princes in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The above table identifies the School District's recurring fair value measurements as of June 30, 2023.

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date, 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. The School District's investment policy does not further limit its investment choices.

Credit Risk – The School District's investment policy limits investments to those authorized by State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Concentration of Credit Risk - The School District places no limit on the amount it may invest in any one user. However, State statute limits investments in commercial paper and bankers' acceptance to 40 percent of the interim monies available for investment at any one time.

The following table includes the percentage of each investment type held by the School District at June 30, 2023:

Investment	Percent
Negotiable CDS	20.5%
First American Treasury Obligations Fund	2.8%
Commerical Paper	16.9%
US Treasury Notes	3.0%
US Government Agency Notes	25.6%
STAR Ohio	31.2%
Total	100.0%

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The federal agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with custodial credit risk beyond the requirements of State statute that prohibit payment for investments prior to the delivery of the securities representing the investments to the Treasurer or qualified trustee.

NOTE 6 - PROPERTY TAXES

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

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

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

NOTE 6 - PROPERTY TAXES (continued)

The School District receives property taxes from Clark County and Miami County. The County Auditors periodically advance 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 includes real property, public utility property and tangible personal property taxes, which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources. The amount available as an advance is recognized as revenue. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been shown as a deferred inflow of resources.

The amount available as an advance at June 30, 2023, was $547,937 in the general fund and $298,403 in the other governmental funds. The amount available as an advance at June 30, 2022, was $773,576 in the general fund and $278,017 in the other governmental funds.

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$309,420,750	95.1%	$381,397,890	95.7%
Public Utility Personal	15,904,330	4.9	16,939,400	4.3
Total	$325,325,080	100.0%	$398,337,290	100.0%
Tax Rate per $1,000 of Assessed Valuation	$43.77		$44.50	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023, consisted of property taxes, accounts (tuition and student fees), interfund, intergovernmental grants, and leases. All receivables, except lease receivable, are considered collectible in full and will be received within one year. See Note 8 to the basic financial statements for more information related to the lease receivable.

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables is as follows:

Intergovernmental Receivable	Amounts
Governmental Activities:	
High Schools That Work Grant	$ 1,522
Elementary/Secondary Emergency Relief	782,517
Food Service	8,941
Title I-C Migrant	52,422
Data Communications	231
Title I - Non-competitive, Supplemental School Improvement	86,450
Medicaid Reimbursements	9,390
Title I	161,188
IDEA-B Special Education	113,651
Title III	3,062
Title IV-A Student Support and Academic Enrichment	487
ARP ECSE	1,240
Title II-A Supporting Effective Instruction	18,698
Total Governmental Activities	$ 1,239,799

NOTE 8 – LEASES RECEIVABLE

The School District is reporting leases receivable of $39,697 in the general fund. For fiscal year 2023, the School District recognized lease revenue of $39,303, which is reported in rental income, and interest revenue of $653.

The School District has entered into lease agreements for building rental space as follows:

Company	Lease Commencement Date	Years	Lease End Date	Payment Amount	Payment Method
Miami Valley Child Dev. Centers, Inc.	Aug-22	2	May-24	$3,992	10 monthly payments/year

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements.

Fiscal Year Ending June 30,	Leases Receivable Principal	Interest	Total
2024	$39,697	$223	$39,920

NOTE 9 - CAPITAL ASSETS

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

	Balance 6/30/22	Additions	Deletions	Balance 6/30/23
Governmental Assets				
Capital Assets, not being depreciated				
Land	$520,022	$0	$0	$520,022
Total Capital Assets, not being depreciated	520,022	0	0	520,022
Capital Assets, being depreciated				
Land Improvements	76,366	214,325	-	290,691
Building and Improvements	85,429,955	390,875	-	85,820,830
Furniture/Equipment/Fixtures	2,889,979	385,662	(44,771)	3,230,870
Vehicles	2,785,630	503,121	-	3,288,751
Intangible - Right to Use: Leased Equipment	204,508	140,130	(81,315)	263,323
Total Capital Assets, being depreciated	91,386,438	1,634,113	(126,086)	92,894,465
Less: Accumulated Depreciation				
Land Improvements	(49,226)	(12,543)	-	(61,769)
Building and Improvements	(39,619,324)	(2,561,898)	-	(42,181,222)
Furniture/Equipment/Fixtures	(2,353,513)	(143,497)	40,294	(2,456,716)
Vehicles	(1,980,371)	(139,452)	-	(2,119,823)
Intangible - Right to Use: Leased Equipment	(84,459)	(94,514)	81,315	(97,658)
Total Accumulated Depreciation and Amortization	(44,086,893)	(2,951,904)	121,609	(46,917,188)
Total Capital Assets, being depreciated, net	47,299,545	(1,317,791)	(4,477)	45,977,277
Governmental Activities Capital Assets, net	$47,819,567	($1,317,791)	($4,477)	$46,497,299

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

Instruction:	
Regular	$5,591
Vocational	1,743
Support Services:	
Instructional Staff	94,514
Administration	1,414
Operation and Maintenance of Plant	94,508
Pupil Transportation	123,871
Extracurricular Activities	2,587
Unallocated	2,627,676
Total	$2,951,904

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with Arthur J. Gallagher & Co. through the Southwestern Ohio Educational Purchasing Cooperative for property, general liability and automobile insurance.

Coverage provided by Arthur J. Gallagher & Co. is as follows:

Building and Contents	$146,244,609
Excess Property	250,000,000
Crime Insurance ($5,000 deductible)	1,000,000
Automobile Liability	1,000,000
School Errors & Omissions Liability	4,000,000
General Liability (aggregate)	3,000,000
Site Pollution	1,000,000
Excess Liability	4,000,000
Fiduciary Liability ($1,500) deductible	1,000,000
Cyber Liability/Identity Theft	2,000,000
Violent Event (per event)	100,000
Sexual Abuse and Molestation	4,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2023, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). 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 Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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 11 - DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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% was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was $680,698 for fiscal year 2023. Of this contribution, $7,738 is shown as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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 Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account 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 CO Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options in the GASB 68 schedules of employer allocations and pension amounts by employer.

A DB or CO 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 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

The School District's contractually required contribution to STRS was $2,209,346 fiscal year 2023. Of this amount $402,941 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$6,801,262	$25,477,852	$32,279,114
Proportion of the Net Pension Liability			
Prior Measurement Date	0.13832080%	0.11992104%	
Current Measurement Date	0.12574490%	0.11460957%	
Change in Proportionate Share	-0.01257590%	-0.00531147%	
Pension Expense	$224,876	$2,576,314	$2,801,190

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$275,914	$326,149	$602,063
Changes of assumptions	67,109	3,048,933	3,116,042
Net difference between projected and actual earnings on pension plan investments	0	886,574	886,574
Changes in proportion and differences			
Difference between School District contributions and proportionate share of contributions	75,903	219,989	295,892
School District contributions subsequent to the measurement date	680,698	2,209,346	2,890,044
Total Deferred Outflows of Resources	$1,099,624	$6,690,991	$7,790,615
Deferred Inflows of Resources			
Differences between expected and actual experience	$44,649	$97,461	$142,110
Changes of assumptions	0	2,294,970	2,294,970
Net difference between projected and actual earnings on pension plan investments	237,333	0	237,333
Difference between School District contributions and proportionate share of contributions	471,314	1,097,988	1,569,302
Total Deferred Inflows of Resources	$753,296	$3,490,419	$4,243,715

$2,890,044 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($135,218)	($81,698)	($216,916)
2025	(254,981)	(451,907)	(706,888)
2026	(339,035)	(1,059,046)	(1,398,081)
2027	394,864	2,583,877	2,978,741
Total	($334,370)	$991,226	$656,856

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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, compared with June 30, 2021, are presented below:

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. The most recent experience study was completed for the five-year period ended June 30, 2020.

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

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%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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

Sensitivity of the 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%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	$10,011,133	$6,801,262	$4,096,989

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS (continued)

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	$38,487,759	$25,477,852	$14,475,498

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

NOTE 12 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability (asset) 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 (asset) 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 (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the School District's obligation for this liability (asset) 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.

GASB 75 assumes the liability (asset) 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 (asset). Resulting adjustments to the net OPEB liability (asset) 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.

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non- certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $93,922.

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 $93,922 for fiscal year 2023. Of this amount $93,922 is reported as an intergovernmental payable.

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.14228010%	0.11992104%	
Current Measurement Date	0.12850200%	0.11460957%	
Change in Proportionate Share	-0.01377810%	-0.00531147%	
Proportionate Share of the Net OPEB Liability (Asset)	$1,804,181	($2,967,623)	($1,163,442)
OPEB Expense	($107,568)	($582,238)	($689,806)

NOTE 12 – DEFINED BENEFIT OPEB PLANS (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	$15,167	$43,020	$58,187
Changes of assumptions	286,978	126,411	413,389
Net difference between projected and actual earnings on pension plan investments	9,377	51,659	61,036
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	224,820	15,650	240,470
School District contributions subsequent to the measurement date	93,922	0	93,922
Total Deferred Outflows of Resources	$630,264	$236,740	$867,004
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,154,087	$445,680	$1,599,767
Changes of assumptions	740,633	2,104,330	2,844,963
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	390,803	100,677	491,480
Total Deferred Inflows of Resources	$2,285,523	$2,650,687	$4,936,210

$93,922 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($347,180)	($728,099)	($1,075,279)
2025	(356,246)	(717,735)	(1,073,981)
2026	(332,201)	(312,816)	(645,017)
2027	(224,525)	(132,170)	(356,695)
2028	(489,029)	(173,053)	(662,082)
Thereafter	0	(350,074)	(350,074)
Total	($1,749,181)	($2,413,947)	($4,163,128)

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Projected salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Municipal bond index rate	3.69%	1.92%
Single Equivalent interest rate, net of plan investment expense, including inflation price	4.08%	2.27%
Medical trend assumption	7.00 to 4.40%	
Medicare		5.125 to 4.400%
Pre-Medicare		6.750 to 4.400%

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

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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.

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

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.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	$2,240,821	$1,804,181	$1,451,695

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	$1,391,348	$1,804,181	$2,343,409

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

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

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

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

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

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

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

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

*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.

NOTE 12 – DEFINED BENEFIT OPEB PLANS (continued)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	($2,743,490)	($2,967,623)	($3,159,613)

	1% Decrease In Trend Rate	Current Trend Rate	1% Increase in Trend Rate
School District's proportionate share of the net OPEB asset	($3,078,147)	($2,967,623)	($2,828,114)

NOTE 13 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation leave must be used by each employee prior to the end of their contract year. Administrators may request to have up to 10 days paid. Unused vacation time, earned within a contract year, is paid to classified employees and administrators upon retirement. Teachers do not earn vacation time.

NOTE 13 - OTHER EMPLOYEE BENEFITS (continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all personnel, except administrators. Upon retirement, payment is made for one-fourth of the total unused sick leave balance up to a maximum 62 days for all employees with ten years of service with the State, any political subdivisions, or any combination thereof. Administrators may accumulate up to a maximum of 302 days depending upon their position. Upon retirement, payment is made at 20% of the sick leave plus 12% of 80 days of unused sick leave and personal leave accumulated above the maximum sick leave.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance through Fort Dearborn, administered by CoreSource. The School District provides health insurance coverage through United Health Care of Ohio, Inc. Each employee share of the total core premium was 17 percent of the monthly premium, with the option of the employee paying for any plan buy-up. Dental insurance is provided through Delta Dental and vision benefits are provided through Vision Service Plan.

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2023, the School District had contractual purchase commitments as follows:

Vendor	Amount	Expended	Balance
American Bus & Sales	$ 145,000	$ -	$ 145,000
Advanced Mechanical Services	310,701	129,702	180,999
MVECA	131,398	264	131,134
DeBra- Keumpel Inc.	221,000	-	221,000
Forward Edge	510,812	-	510,812
A to Z Asphault Contrators	48,600	-	48,600
Payschools	47,145	-	47,145

NOTE 15 - LONG-TERM OBLIGATIONS

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

	Amount Outstanding 6/30/22	Additions	Deletions	Amount Outstanding 6/30/23	Amount Due in One Year
Govermental Activities					
Refunding Bonds 2020					
Term Bonds	$5,450,000	$0	($90,000)	$5,360,000	$1,025,000
Refunding Bonds 2012					
Serial & Term Bonds	925,000	0	(925,000)	0	0
Refunding Bonds 2019					
Term Bonds	5,555,000	0	0	5,555,000	15,000
Total General Obligation Bonds	11,930,000	0	(1,015,000)	10,915,000	1,040,000
Unamortized Premium on Bonds					
Refunding Bonds 2020	506,414	0	(50,641)	455,773	0
Refunding Bonds 2019	50,464		(5,047)	45,417	0
Total Unamortized Premiums on Bonds	556,878	0	(55,688)	501,190	0
Net Pension Liability					
SERS	5,103,636	1,697,626	0	6,801,262	0
STRS	15,332,983	10,144,869	0	25,477,852	0
Total Net Pension Liability	20,436,619	11,842,495	0	32,279,114	0
Net OPEB Liability					
SERS	2,692,768	0	(888,587)	1,804,181	0
Total Net OPEB Liability	2,692,768	0	(888,587)	1,804,181	0
Leases Payable	120,049	140,130	(94,514)	165,665	21,648
Compensated Absences	2,363,512	32,693	(137,245)	2,258,960	54,522
Total Governmental Activities	$38,099,826	$12,015,318	($2,191,034)	$47,924,110	$1,116,170

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Compensated absences will be paid from the general fund and the food service and latchkey funds.

Refunding Bonds 2012

On December 27, 2012, the School District issued $8,819,991 in bonds for refunding $8,820,000 of the 2004 general obligation bonds with interest rates ranging from 4.2% to 4.75%. Of the refunding bonds issued, $6,350,000 was serial bonds with interest rates ranging from 2-4% and mature December 31, 2031. The $1,510,000 in term bonds has interest rates ranging from 2-3% and mature December 31, 2028. $959,991 is capital appreciation bonds (maturity amount of $115,000 on December 1, 2015, $820,000 on December 1, 2016 and $880,000 on December 1, 2020.) The bonds fully matured during fiscal year 2023.

Refunding Bonds 2019

On September 5, 2019, the School District issued $5,555,000 in bonds for refunding $5,555,000 of the 2012 general obligation bonds with interest rates ranging from 3% to 4%. The refunding bonds issued are term bonds with interest rates of 2.2%. and mature December 1, 2031.

Refunding Bonds 2020

On October 29, 2020, the School District issued $5,545,000 in bonds for refunding $5,545,000 of the 2013 general obligation bonds with interest rates ranging from 1 to 3%. The refunding bonds issued are term bonds with interest rates of 1.18%.

The School District's overall legal debt margin was $26,337,188 and the un-voted debt margin was $398,337 at June 30, 2023.

The School District's debt service requirements at June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	$1,040,000	$179,246	$1,219,246
2025	1,060,000	166,703	1,226,703
2026	1,075,000	153,953	1,228,953
2027	1,125,000	140,820	1,265,820
2028	1,140,000	127,278	1,267,278
2029-2032	5,475,000	246,785	5,721,785
Total	$10,915,000	$1,014,785	$11,929,785

NOTE 15 - LONG-TERM OBLIGATIONS (continued)

Leases Payable

The School District has entered into lease agreements for the right to use equipment. Due to the implementation of GASB Statement No. 87, the School District will report an intangible capital asset and corresponding liability for the future schedule payments under the leases. The lease payments will be paid from the general fund.

The School District has entered into lease agreements for copier equipment with the following terms:

Company	Lease Commencement Date	Years	Lease End Date	Payment Amount	Payment Method
ProSource	Nov-20	5	Dec-25	988	monthly
ProSource	Apr-23	5	Mar-28	6194	monthly

The following is a schedule of future lease payments under the lease agreements.

Fiscal Year	Leases Payable		
Ending June 30,	Principal	Interest	Total
2024	$21,648	$64,536	$86,184
2025	27,668	58,516	86,184
2026	29,452	48,828	78,280
2027	40,843	33,485	74,328
2028	46,054	9,692	55,746
	$165,665	$215,057	$380,722

NOTE 16 – 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 governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Other Governmental Funds	Total Governmental Funds
Nonspendable:			
Prepaid Items	$ 616,000	$ 19,882	$ 635,882
Permanent Fund Principal	-	2,000	2,000
Unclaimed Checks	28,138	-	28,138
Total Nonspendable	644,138	21,882	666,020
Restricted for:			
Food Service	-	1,298,482	1,298,482
Classroom Maintenance	-	1,029,086	1,029,086
Athletics/Student Activities	-	252,961	252,961
Permanent Fund	-	452	452
Capital Improvements	-	1,957,497	1,957,497
Debt Service	-	1,401,832	1,401,832
State and Federal Grants	-	658,672	658,672
Budget Stabilization Reserve	80,032	-	80,032
Total Restricted	80,032	6,598,982	6,679,014
Assigned for:			
Latchkey	240,291	-	240,291
FY 24 Appropriations	2,980,950	-	2,980,950
Unpaid Obligations	1,235,442	-	1,235,442
Public School Support	125,330	-	125,330
Total Assigned	4,582,013	-	4,582,013
Unassigned	10,367,898	(86,092)	10,281,806
Total Fund Balance	$ 15,674,081	$ 6,534,772	$ 22,208,853

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public-school districts within the boundaries of Clark, Clinton, Greene, Highland, Fayette, Madison, Montgomery and Ross counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven representatives from the member districts. Not less than two members are superintendents of the member districts and not less than two are treasurers of the member districts.

The School District paid MVECA $234,221 for services provided during the fiscal year. Financial information can be obtained from Thor Sage, Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

Clark County Family and Children First Council - The Clark County Family and Children First Council (FCFC) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of representatives of each of the members of the Council, and representatives of those additional entities required to be represented on the Council pursuant to Section 121.37 of the Ohio Revised Code. The school districts in Clark County must appoint a superintendent of one of the schools to represent them on the eighteen-member Board. Currently, the superintendent of the Clark County Educational Service Center serves as this representative. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council. The Tecumseh Local School District did not have any payments to the FCFC during fiscal year 2023.

Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Leslie Crew, who serves as Executive Director, at 1345 Lagonda Avenue, Springfield, Ohio 45503.

Springfield-Clark Career Technology Center - The Springfield-Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Clark Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS (continued)

The School District did not make any financial contributions to the CTC during fiscal year 2023. To obtain financial information, write to the Springfield-Clark Career Technology Center, Julie Wallace, who serves as Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

Tecumseh Education Foundation – The Tecumseh Education Foundation (TEF) is a non-profit community organization of business, civic, industry and educational interests whose purpose is to secure and distribute contributions to assist the School District in enabling students to achieve their individual potential. The Board of Trustees is comprised of eleven representatives who are nominated and elected by a majority vote by the present trustees. One member of the Tecumseh Local School District Board is designated annually by the Tecumseh Local School District Board to serve as one of the eleven trustees.

Each of the elected trustees serves a three-year term, with one-third of the trustees being elected every year. The Superintendent of the School District will serve in an ex officio capacity on a continuing basis. Officers of the TEF are elected annually by the Board of Trustees. The officers of the foundation shall consist of a President, a Vice-President, a Secretary, a Treasurer and other offices as the Board of Trustees may appoint. The President and Vice-President of the Board of Trustees shall be members of the Board of Trustees. The Secretary and Treasurer need not be members of the Board of Trustees.

The School District is not able to impose its will on the TEF and no financial benefit/burden relationship exists. The TEF is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. The School District contributed $1,371 to TEF during fiscal year 2023. During fiscal year 2008, the TEF received an endowment for $2.4 million that is to be used to provide scholarships to Tecumseh LSD graduates. The money was turned over to the Springfield Foundation to administer the program. To obtain financial information write to the Tecumseh Educational Foundation, Kevin Harmon, who serves as President, at P.O. Box 305, New Carlisle, Ohio 45344.

B. Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council - The district participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), an insurance purchasing pool, for property, workers' compensation and medical insurance. The SOEPC was established under Section 2744.081 of the Ohio Revised Code. SOEPC is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SOEPC's business and affairs are conducted by a board consisting of seven school administrators, who are elected by the membership each year.

In addition, the cooperative hires attorneys, auditors and actuaries to assist in running the day-to-day program. Gallagher is responsible for the insurance program administration. JWF Specialty Company is responsible for processing claims between SOEPC and its members. Payments to SOEPC are made from the General Fund. During fiscal year 2023, the School District paid $176,105 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

NOTE 18 - SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. 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 improvements during fiscal year 2023.

	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2022	$0
Current Year Set-aside Requirement	617,670
Offsets - Capital Maintenance Levy	(234,973)
Prior Year Offset from Bond Proceeds	(97,269)
Qualifying Disbursements	(285,428)
Totals	$0
Set-aside Balances Carried Forward to Future Fiscal Years	$0
Set-aside Reserve Balances as of June 30, 2023	$0

The School District had current year offsets that reduced the capital improvements set-aside amount to zero. During prior years, District issued capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to zero. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was $17,532,998 at June 30, 2023.

In accordance with legislative requirements, the School District continues to maintain funds in the amount $80,032 that were related to workers' compensation rebates in the budget stabilization reserve, which has been combined with the general fund. The School District's budget stabilization account is comprised entirely of workers' compensation rebate funds.

NOTE 19 – INTERFUND TRANSACTIONS

During fiscal year 2023, the School District had a short-term interfund loan with the General Fund in the amount of $605,328. The following funds owed the General Fund:

Fund	Amount
High Schools That Work	$1,522
Title III	1,905
Title IC	12,641
ESSER	317,139
IDEA Part B	62,469
Title IV-A	487
Title 1	111,267
Title I - Supplemental School Improvement Grant	85,874
ARP IDEA Early Childhood Special Education	1,240
Title II-A	10,784
Total	$605,328

NOTE 20 - CONTINGENCIES

Grants

The School District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds 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.

Foundation Funding

The 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, instead of a minimum number of school days each year. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The final ODE adjustments for fiscal year 2023 had no significant impact on the School District's foundation funding.

Litigation

The School District is not a party to any legal proceedings in which the ultimate disposition of will materially affect its financial position.

NOTE 21 – TAX ABATEMENTS

Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 77, Tax Abatement Disclosures, the District is required to disclose certain information about tax abatements as defined in the Statement. For purposes of GASB Statement 77, a tax abatement is a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the local government or its citizens.

Enterprise Zone Program

The Ohio Enterprise Zone Program is an economic development tool administered by municipal and county governments that provides real property tax exemptions to businesses making investments in Ohio. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real property investment when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are not eligible. The zone's geographic area is identified by the local communities involved in the creation of the zone. Once a zone is defined, the local legislative authority participating in the creation must petition the Director of ODSA. The Director must then certify the area for it to become an active Enterprise Zone. Local communities may offer tax incentives for non-retail projects that are establishing or expanding operations in the State of Ohio. Tax incentives are negotiated at the local level, and an enterprise zone agreement must be in place before the project begins.

Businesses located in an Enterprise Zone may negotiate exemptions on new property tax from investment for up to seventy-five percent for ten years. For commercial projects, job retention and/or creation is also required. Taxes are abated as the increase in assessed value resulting from the investment is not included (or included at a lesser amount) in the assessed value used for property tax computation for the taxpayer. Agreements must be in place before the project begins. Pursuant to the terms of such agreements, if the actual number of employee positions created or retained by the business in any three-year period during which the agreement is in effect is not equal to or greater than seventy-five percent of the number of employee positions estimated to be created or retained under the agreement, the business shall repay the amount of taxes on property that would have been payable had the property not been exempted. In addition, the local governments may terminate or modify the exemptions from taxation granted under the agreement if the terms of the agreement are not met.

Tecumseh Local School District falls within an enterprise zone created by Clark County. In 2013, Blackhorse Energy LLC entered into an agreement with Clark County for a 10 year, 60% tax abatement. Taxes foregone by the School District was $13,599 for tax year 2022.

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES AND NET POSITION

For the fiscal year ended June 30, 2023, the School District 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 clarifies the definition of conduit debt and provides a single method of reporting these obligations (disclosure only). This Statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures.

GASB Statement No. 94 addresses the gap in current accounting guidance related to public-private and public-public partnerships (both referred to as PPPs) that do not meet the definition of a service concession arrangement.

GASB Statement No. 96 addresses accounting and financial reporting for subscription-based information technology arrangements (SBITAs), a type of information technology (IT) arrangement (i.e. software licensing). This Statement also defines a SBITA, establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding subscription liability, provides capitalization criteria, and requires footnote disclosure. The standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The School District determined that any contracts covered by GASB Statement No. 96 were insignificant and therefore were not incorporated into these financial statements. The implementation of GASB Statements No. 91, 94 and 99 did not have an effect on the School District's financial statements

Tecumseh Local School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.1257449%	0.1383208%	0.1328905%	0.1338490%
School District's Proportionate Share of the Net Pension Liability	$6,801,262	$5,103,636	$8,789,658	$8,008,420
School District's Covered Employee Payroll	$4,674,657	$4,762,857	$4,656,057	$4,609,504
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	145.49%	107.15%	188.78%	173.74%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.1332431%	0.1275512%	0.1299496%	0.1378480%	0.1391220%	0.1391220%
$7,631,079	$7,620,902	$9,511,112	$7,865,723	$7,040,888	$8,273,139
$4,088,570	$4,276,450	$4,035,750	$4,408,134	$4,083,442	$3,977,399
186.64%	178.21%	235.67%	178.44%	172.43%	208.00%
71.36%	69.50%	62.98%	69.16%	71.70%	65.62%

Tecumseh Local School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.11460957%	0.11992104%	0.12248951%	0.12263732%
School District's Proportionate Share of the Net Pension Liability	$25,477,852	$15,332,983	$29,638,103	$27,120,506
School District's Covered Employee Payroll	$14,778,536	$15,464,500	$14,810,650	$14,858,014
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	172.40%	99.15%	200.11%	182.53%
Plan Fiduciary Net Position as a Percentage Of the Total Net Pension Liability	78.90%	87.78%	75.48%	77.40%

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

See accompanying notes to the required supplementary information

	2019	2018	2017	2016	2015	2014
	0.11720434%	0.12592863%	0.12234095%	0.12367450%	0.12182569%	0.12182569%
	$25,770,603	$29,914,616	$40,951,204	$34,180,015	$29,632,225	$35,297,711
	$14,146,471	$13,035,607	$12,814,350	$12,903,364	$13,404,700	$1,344,832
	182.17%	229.48%	319.57%	264.89%	221.06%	2624.69%
	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Tecumseh Local 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 Contributions	$680,698	$654,452	$666,800	$651,848
Contributions in Relation to the Contractually Required Contribution	(680,698)	(654,452)	(666,800)	(651,848)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered-Employee Payroll	$4,862,129	$4,674,657	$4,762,857	$4,656,057
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$622,283	$551,957	$598,703	$565,005	$580,992	$565,965
(622,283)	(551,957)	(598,703)	(565,005)	(580,992)	(565,965)
$0	$0	$0	$0	$0	$0
$4,609,504	$4,088,570	$4,276,450	$4,035,750	$4,408,134	$4,083,442
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

Tecumseh Local 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 Contributions	$2,209,346	$2,068,995	$2,165,030	$2,073,491
Contributions in Relation to the Contractually Required Contribution	(2,209,346)	(2,068,995)	(2,165,030)	(2,073,491)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered-Employee Payroll	$15,781,043	$14,778,536	$15,464,500	$14,810,650
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$2,080,122	$1,980,506	$1,824,985	$1,794,009	$1,806,471	$1,742,611
(2,080,122)	(1,980,506)	(1,824,985)	(1,794,009)	(1,806,471)	(1,742,611)
$0	$0	$0	$0	$0	$0
$14,858,014	$14,146,471	$13,035,607	$12,814,350	$12,903,364	$13,404,700
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

Tecumseh Local School District

Required Supplementary Information

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

School Employees Retirement System of Ohio

Last Seven Fiscal Years (1)

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.1285020%	0.1422801%	0.1351537%	0.1369579%
School District's Proportionate Share of the Net OPEB Liability	$1,804,181	$2,692,768	$2,937,332	$3,444,203
School District's Covered Employee Payroll	$4,674,657	$4,762,857	$4,656,057	$4,609,504
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	38.59%	56.54%	63.09%	74.72%
Plan Fiduciary Net OPEB as a Percentage Of the Total Net Pension Liability	30.34%	24.08%	18.17%	15.57%

(1) Information Prior to 2017 is not available

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.1336855%	0.1292629%	0.1292629%
$3,708,797	$3,469,077	$3,684,471
$4,088,570	$4,276,450	$4,035,750
90.71%	81.12%	91.30%
13.57%	12.46%	11.49%

Tecumseh Local School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Seven Fiscal Years (1)

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability (Asset)	0.11460957%	0.11992104%	0.12248951%	0.12263732%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($2,967,623)	($2,528,437)	($2,152,751)	($2,031,168)
School District's Covered Employee Payroll	$14,778,536	$15,464,500	$14,810,650	$14,858,014
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	-20.08%	-16.35%	-14.54%	-13.67%
Plan Fiduciary Net Position as a Percentage Of the Total Net OPEB Liability (Asset)	230.70%	174.73%	182.10%	174.70%

(1) Information Prior to 2017 is not available

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.11720434%	0.129592863%	0.129592863%
($1,883,354)	$4,913,270	$6,734,696
$14,146,471	$13,035,607	$12,814,350
-13.31%	37.69%	52.56%
176.00%	47.10%	37.30%

Tecumseh Local School District

Required Supplementary Information

Schedule of School District's Contributions - OPEB

School Employees Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
Contractually Required Contributions (1)	$93,922	$83,544	$89,801	$73,835
Contributions in Relation to the Contractually Required Contribution	(93,922)	(83,544)	(89,801)	(73,835)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered-Employee Payroll	$4,862,129	$4,674,657	$4,762,857	$4,656,057
Contributions as a Percentage of Covered-Employee Payroll	1.93%	1.79%	1.89%	1.59%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$105,654	$90,718	$69,955	$66,443	$105,686	$77,138
(105,654)	(90,718)	(69,955)	(66,443)	(105,686)	(77,138)
$0	$0	$0	$0	$0	$0
$4,609,504	$4,088,570	$4,276,450	$4,035,750	$4,408,134	$4,083,442
2.29%	2.22%	1.64%	1.65%	2.40%	1.89%

Tecumseh Local School District

Required Supplementary Information

Schedule of School District's Contributions - OPEB

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2023	2022	2021	2020
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered-Employee Payroll	$15,781,043	$14,778,536	$15,464,500	$14,810,650
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$0	$0	$0	$0	$0	$134,047
-	-	-	-	-	(134,047)
$0	$0	$0	$0	$0	$0
$14,858,014	$14,146,471	$13,035,607	$12,814,350	$12,903,364	$13,404,700
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

Notes to Pension Information - SERS

Changes of Benefit Terms

For measurement period 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three- year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

For measurement period 2022, the cost-of-living adjustments was increased from 2.00% to 2.50%.

Notes to OPEB Information - SERS

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.

Notes to Pension Information – STRS

Changes of Benefit Terms

For measurement period 2017, the COLA was reduced to zero.

Changes of Assumptions

For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, 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% due to lower inflation. The health 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.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Notes to OPEB Information - STRS

Changes of Benefit Terms

For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% 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 the measurement period 2019, there was no change to the claims cost process. Claims 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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2022, 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.

Changes of Assumptions

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. 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 trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74. Valuation year per capita health care costs were updated.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

TECUMSEH LOCAL SCHOOL DISTRICT
CLARK COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Agency/ Pass Through Agency/ Program Title	Assistance Listing Number	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture:			
Passed through Ohio Department of Education:			
Nutrition Cluster:			
School Breakfast Program	10.553	$ 363,754	
National School Lunch Program	10.555	1,176,000	
COVID-19 National School Lunch Program	10.555	41,564	
National School Lunch Program - Donated Commodities	10.555	-	$ 125,329
		1,217,564	125,329
Total Nutrition Cluster		1,581,318	125,329
COVID-19 Pandemic EBT Administrative Costs	10.649	3,135	
Total US Department of Agriculture		1,584,453	125,329
U.S. Department of Education:			
Passed through Ohio Department of Education:			
Title I Grants to Local Education Agencies	84.010A	990,743	
Migration Education State Grant Program	84.011A	148,482	
Special Education Cluster:			
Special Education Grants to States	84.027A	648,698	
COVID-19 Special Education Grants to States ARP	84.027X	32,649	
		681,347	
Preschool Restoration Grant	84.173A	26,194	
COVID-19 Special Education Preschool Grants	84.173X	3,067	
		29,261	
Total Special Education Cluster		710,608	
English Language Acquisition State Grants	84.365A	45,807	
Supporting Effective Instruction State Grants	84.367A	103,935	
Student Support and Academic Enrichment Program	84.424A	47,516	
COVID-19 Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief	84.425D	825,007	
Elementary and Secondary School Emergency Relief ARP - ESSER	84.425U	2,243,385	
Elementary and Secondary School Emergency Relief ARP Homeless	84.425W	4,672	
Total Education Stablization Fund		3,073,064	
Total U.S. Department of Education		5,120,155	
Total Expenditures of Federal Awards		$ 6,704,608	$ 125,329

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal awards is a summary activity of all federal award programs of the Tecumseh Local School District (School District). The information in this Schedule is presented 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 School District, it is not intended to and does not present the financial position, changes in net position or cash flows of the School District.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards has been prepared on the cash basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* wherein certain types of expenditures are not allowable or are limited as to reimbursement. In addition, the School District did not pass-through any federal awards to subrecipients during the year ended June 30, 2023.

The School District has not elected not to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

NOTE 3 – U.S. DEPARTMENT OF AGRICULTURE PROGRAMS

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported on the schedule of expenditures of federal awards at the market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

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 Tecumseh Local School District (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 January 18, 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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*.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 18, 2024

CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

14 East Main Street, Suite 500, Springfield, Ohio 45502
P. 937.399.2000 | F. 937.399.5433

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Education
Tecumseh Local School District
9760 West National Road
New Carlisle, Ohio 45344

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the Tecumseh Local School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on the Child Nutrition Cluster

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

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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

Matter Giving Rise to Qualified Opinion on the Child Nutrition Cluster

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Child Nutrition Cluster as described in finding number 2023-002 for Eligibility and Special Tests and Provisions.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
January 18, 2024

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	
Child Nutrition Cluster	Qualified
COVID-19: Education Stabilization Fund	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

Child Nutrition Cluster:
ALN# 10.553 – School Breakfast Program
ALN# 10.555 – National School Lunch Program
ALN# 10.555 – COVID-19: National School Lunch Program

COVID-19: Education Stabilization Fund:
ALN# 84.425D – Elementary and Secondary School Emergency Relief
ALN# 84.425U – Elementary and Secondary School Emergency Relief (ARP ESSER)
ALN# 84.425W – Elementary and Secondary School Emergency Relief (ARP Homeless)

Dollar threshold to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

2023-001: Material Weakness – Financial Reporting

The District contracts with an outside independent contractor to compile its annual financial statements, however the responsibility for those statements and related note disclosures remain with the District's management. Thus, it is important to develop appropriate control procedures related to drafting financial statements and disclosures which enables errors to be prevented, or detected and corrected, on a timely basis.

As a result of audit procedures performed, certain errors were noted within the District's financial statements prepared and presented for audit. Adjustments were necessary to revise amounts initially reported within the basic financial statement for intergovernmental receivables, contracts payable, intergovernmental payables and accrued wages for other governmental funds.

The District should ensure the final financial statements prepared by the independent contractor are complete and accurate prior to finalization.

District's Response: Please see response in District's Corrective Action Plan

Section III – Federal Awards Findings and Questioned Costs

2023-002: Child Nutrition Cluster - Eligibility and Special Tests and Provisions Noncompliance and Material Weakness

Child Nutrition Cluster: ALN 10.553 and 10.555
U.S. Department of Agriculture

Criteria: The Ohio Department of Education (ODE) has established reporting requirements for the School Nutrition Programs to determine eligibility for the Programs through the Claims Reimbursement and Reporting System (CRRS). In addition, unless otherwise instructed, all Local Educational Agencies (LEAs) must complete an annual verification process confirming students eligibility for free or reduced meals.

Condition: The District did not properly update student information within ODE's CRRS which resulted in the District being classified as 100 percent free under the Community Eligibility Provision (CEP) of the program and received reimbursement as such through March 2023. Ultimately, it was determined the District did not meet the criteria of the CEP program and should have been reimbursed based on actual student counts of free and reduced lunches. Also, as the District was initially determined to be eligible to participate in CEP, it did not complete the required annual verification process as required by program regulations.

Questioned Costs: $491,527 of excess reimbursement paid to the District during fiscal year 2023.

Context: In May, 2023 ODE conducted an audit of the District's reported information for fiscal year 2023 based on April 2022 student information contained within CRRS. The results of the audit indicated students were included in the CRRS reports who withdrew from the District or were no longer attending classes prior to April 2022, as well as misclassification of students within the system. As a result of the audit, the Districts Identified Student Percentage (ISP) dropped below the 40 percent threshold to be classified as 100 percent free under the CEP. As the District was initially determined to be eligible under the CEP, it did not conduct the annual verification process of student eligibility as required for non-CEP districts.

Effect: The District improperly reported student information through CRRS which resulted in reimbursement at the incorrect percentage. In addition, the District was not in compliance with the program's verification requirement as no such process was performed for fiscal year 2023.

Cause: Improper verification of information contained within the CRRS system as well as lack of proper review and approval of information.

Recommendation: We recommend the District implement appropriate management level reviews of student information entered into and maintained in the CRRS system periodically to ensure it is accurate. Reconciliation of reported information to other record systems maintained by the District, such as EMIS, could assist in this process.

District's Response: As of the date of these statements, the District had repaid the entire amount of overfunding back to the Ohio Department of Education. Please see the District's Corrective Action Plan for procedures to be implemented to avoid similar issues in future.

Tecumseh Local Schools

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937-845-3576

Learning for All ~ Whatever it Takes!

Paula Crew
Superintendent

Denise L. Robinson
Treasurer

Susan Wile
Director of
Special Education

Brian C. Dixon
Director of
Facilities and Safety

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Tecumseh Middle School
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Donnelsville Elementary School
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Donnelsville, Ohio 45319
937-845-4540

New Carlisle Elementary School
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New Carlisle, Ohio 45344
937-845-4480

Park Layne Elementary School
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New Carlisle, Ohio 45344
937-845-4470

Special Education Department
10000 West National Road
New Carlisle, Ohio 45344
937-845-4495

www.tecumseh.k12.oh.us

Tecumseh Local School District

Schedule of Prior Audit Findings
Fiscal Year Ended June 30, 2023

Finding Number: 2022-001

Finding Summary: Audit adjustments were necessary to correct the amount reported for intergovernmental receivables and certain other reclassifications of net position.

Status: Repeated comment

Additional Information: See audit finding 2023-001 for description of adjustments necessary for fiscal year 2023.

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Tecumseh Local School District

Corrective Action Plan
Fiscal Year Ended June 30, 2023

Finding Number: 2023-001

Planned Corrective Action: The Treasurer's office will continue to discuss the development and presentation of the amounts and disclosures contained within the financial statements. In addition, we will require statements be prepared in a timeframe which will allow sufficient time to properly review the financial statement amounts and disclosures prepared by the outside independent contractor prior to submission to the Auditor of State's Office.

Finding Number: 2023-002

Planned Corrective Action: Tecumseh Local Schools hired a new Child Nutrition Supervisor at the onset of the 2023 school year. Additionally, a new EMIS Coordinator was hired to shadow the current EMIS Coordinator in January of 2023. Personnel in these two positions will develop an internal control procedure to ensure student information is properly updated in a timely manner in the future. The superintendent and treasurer will meet with the Child Nutrition Supervisor and the EMIS Coordinator once each semester to ensure these procedures are followed.

Anticipated Completion Date: Fiscal Year 2024

Responsible Contact Person: Denise Robinson, Treasurer
Denise.Robinson@tecumsehlocal.org
(937) 845-3576

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OHIO AUDITOR OF STATE
KEITH FABER

TECUMSEH LOCAL SCHOOL DISTRICT

CLARK 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