

OHIO AUDITOR OF STATE
KEITH FABER



Elida Local School District
Allen County

General Purpose External Financial Statements
Cash Basis
For the Fiscal Year Ended June 30, 2023

Local Government Services

Elida Local School District
General Purpose External Financial Statements
Cash Basis
For the Fiscal Year Ended June 30, 2023

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KEITH FABER



Local Government Services
88 East Broad Street, Fourth Floor
Columbus, Ohio 43215-3506
(614) 466-4717 or (800) 345-2519
contactLGS@ohioauditor.gov
www.ohioauditor.gov

Board of Education
Elida Local School District
4380 Sunnydale Avenue
Elida, Ohio 45807

Accountant's Compilation Report

Management is responsible for the accompanying basic financial statements for the Elida Local School District as of and for the fiscal year ended June 30, 2023, in accordance with the cash basis of accounting and the display requirements of Governmental Accounting Standards Board Statement No. 34, and for determining that the cash basis of accounting and the display requirements of Governmental Accounting Standards Board Statement No. 34 is an acceptable financial reporting framework. We have performed the compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the accompanying financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

We draw attention to Note 2 to the financial statements which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting and the display requirements of Governmental Accounting Standards Board Statement No. 34, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

KEITH FABER
Auditor of State

A handwritten signature in blue ink that reads "David B. Thompson".

David B. Thompson
Chief of Local Government Services

August 28, 2023

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Elida Local School District
Statement of Net Position - Cash Basis
June 30, 2023

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$11,674,291</u>
<u>Net Position</u>	
Restricted for:	
Debt Service	3,217,357
Capital Projects	1,096,072
Food Service	879,675
Other Purposes	1,189,528
Unrestricted	<u>5,291,659</u>
Total Net Position	<u><u>\$11,674,291</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

Elida Local School District
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023

	Program Cash Receipts			
	Disbursements	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Instruction:				
Regular	\$12,470,949	\$227,467	\$1,484,612	\$0
Special	3,588,540	142,220	1,857,324	0
Support Services:				
Pupils	1,672,603	0	315,699	0
Instructional Staff	939,086	0	95,191	0
Board of Education	100,726	0	0	0
Administration	1,802,984	0	25,129	0
Fiscal	703,384	0	4,276	0
Business	32,652	0	0	0
Operation and Maintenance of Plant	5,135,430	0	559,449	0
Pupil Transportation	1,517,639	0	63,256	180,000
Central	177,976	0	0	0
Noninstructional Services	1,330,985	657,065	918,515	0
Extracurricular Activities	952,074	406,964	8,449	0
Capital Outlay	309,308	0	0	0
Debt Service:				
Principal Retirement	1,105,099	0	0	0
Accretion on Capital Appreciation Bonds	1,278,683	0	0	0
Interest	1,278,678	0	0	0
Total Governmental Activities	\$34,396,796	\$1,433,716	\$5,331,900	\$180,000

General Receipts

Property Taxes Levied for:

 General Purposes

 Classroom Facilities Maintenance

 Debt Service

 Permanent Improvements

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings and Other Interest

Rent

Miscellaneous

Total General Receipts

Change in Net Position

Net Position at Beginning of Year

Net Position at End of Year

See accompanying notes to the basic financial statements

See accountant's compilation report

Net (Disbursement)
Receipt and Change
in Net Position

Governmental
Activities

(\$10,758,870)
(1,588,996)

(1,356,904)
(843,895)
(100,726)
(1,777,855)
(699,108)
(32,652)

(4,575,981)
(1,274,383)
(177,976)
244,595
(536,661)
(309,308)

(1,105,099)
(1,278,683)
(1,278,678)

(27,451,180)

11,254,694
196,468
3,360,166
336,888
11,004,266
371,252
20,133
383,991

26,927,858

(523,322)

12,197,613

\$11,674,291

Elida Local School District
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
June 30, 2023

	General	Bond Retirement	Other Governmental	Total
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$5,811,648	\$3,217,357	\$2,638,937	\$11,667,942
Restricted Assets				
Equity in Pooled Cash and Cash Equivalents	6,349	0	0	6,349
Total Assets	<u>\$5,817,997</u>	<u>\$3,217,357</u>	<u>\$2,638,937</u>	<u>\$11,674,291</u>
<u>Fund Balances</u>				
Nonspendable	\$849	\$0	\$0	\$849
Restricted	5,500	3,217,357	3,158,926	6,381,783
Assigned	504,565	0	0	504,565
Unassigned (Deficit)	<u>5,307,083</u>	<u>0</u>	<u>(519,989)</u>	<u>4,787,094</u>
Total Fund Balances	<u>\$5,817,997</u>	<u>\$3,217,357</u>	<u>\$2,638,937</u>	<u>\$11,674,291</u>

See accompanying notes to the basic financial statements

See accountant's compilation report

Elida Local School District
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Other Governmental	Total
<u>Receipts</u>				
Property Taxes	\$11,254,694	\$3,360,166	\$533,356	\$15,148,216
Intergovernmental	11,424,491	300,658	4,757,096	16,482,245
Investment Earnings and Other Interest	292,522	0	112,651	405,173
Tuition and Fees	539,437	0	0	539,437
Charges for Services	0	0	487,315	487,315
Extracurricular Activities	39,100	0	367,864	406,964
Rent	20,133	0	0	20,133
Miscellaneous	370,244	0	13,747	383,991
Total Receipts	23,940,621	3,660,824	6,272,029	33,873,474
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	11,107,269	0	1,363,680	12,470,949
Special	2,860,864	0	727,676	3,588,540
Support Services:				
Pupils	1,466,377	0	206,226	1,672,603
Instructional Staff	669,873	0	269,213	939,086
Board of Education	100,726	0	112,294	213,020
Administration	1,690,690	0	0	1,690,690
Fiscal	626,229	63,267	13,888	703,384
Business	32,652	0	0	32,652
Operation and Maintenance of Plant	2,777,687	0	2,357,743	5,135,430
Pupil Transportation	1,192,366	0	325,273	1,517,639
Central	177,976	0	0	177,976
Noninstructional Services	48,486	0	1,282,499	1,330,985
Extracurricular Activities	621,077	0	330,997	952,074
Capital Outlay	101	0	309,207	309,308
Debt Service:				
Principal Retirement	103,782	1,001,317	0	1,105,099
Accretion on Capital Appreciation Bonds	0	1,278,683	0	1,278,683
Interest	17,403	1,261,275	0	1,278,678
Total Disbursements	23,493,558	3,604,542	7,298,696	34,396,796
Excess of Receipts Over (Under) Disbursements	447,063	56,282	(1,026,667)	(523,322)
Fund Balances at Beginning of Year	5,370,934	3,161,075	3,665,604	12,197,613
Fund Balances at End of Year	\$5,817,997	\$3,217,357	\$2,638,937	\$11,674,291

See accompanying notes to the basic financial statements
See accountant's compilation report

Elida Local School District
Statement of Receipts, Disbursements, and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Receipts</u>				
Property Taxes	\$10,941,159	\$10,941,159	\$11,254,694	\$313,535
Intergovernmental	11,859,703	12,459,703	11,424,491	(1,035,212)
Interest	6,718	6,718	292,522	285,804
Tuition and Fees	1,014,899	1,014,899	539,437	(475,462)
Extracurricular Activities	38,194	38,194	39,100	906
Rent	15,787	34,787	20,133	(14,654)
Miscellaneous	120,332	168,832	375,097	206,265
Total Receipts	23,996,792	24,664,292	23,945,474	(718,818)
<u>Disbursements</u>				
Current:				
Instruction:				
Regular	13,802,487	13,616,635	11,136,174	2,480,461
Special	2,572,855	2,573,026	2,861,044	(288,018)
Support Services:				
Pupils	1,221,718	1,221,718	1,466,377	(244,659)
Instructional Staff	606,522	606,522	671,141	(64,619)
Board of Education	83,064	83,314	100,726	(17,412)
Administration	1,425,651	1,425,651	1,691,219	(265,568)
Fiscal	582,329	582,646	633,458	(50,812)
Business	59,319	66,819	32,770	34,049
Operation and Maintenance of Plant	3,334,269	3,372,342	2,925,886	446,456
Pupil Transportation	1,129,797	1,097,136	1,192,804	(95,668)
Central	143,949	143,949	177,976	(34,027)
Noninstructional Services	52,171	54,171	48,486	5,685
Extracurricular Activities	567,435	567,435	621,077	(53,642)
Capital Outlay	3,252	3,252	101	3,151
Debt Service:				
Principal Retirement	105,060	105,060	103,782	1,278
Interest	20,400	20,400	17,403	2,997
Total Disbursements	25,710,278	25,540,076	23,680,424	1,859,652
Excess of Receipts Over (Under) Disbursements	(1,713,486)	(875,784)	265,050	1,140,834
Fund Balance at Beginning of Year	4,762,318	4,762,318	4,762,318	0
Prior Year Encumbrances Appropriated	603,763	603,763	603,763	0
Fund Balance at End of Year	\$3,652,595	\$4,490,297	\$5,631,131	\$1,140,834

See accompanying notes to the basic financial statements
See accountant's compilation report

Elida Local School District
Statement of Cash Basis Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2023

	Private Purpose Trust
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$426,724
<u>Net Position</u>	
Held in Trust for Scholarships	\$426,724

See accompanying notes to the basic financial statements
See accountant's compilation report

Elida Local School District
Statement of Cash Basis Change in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust
<u>Additions:</u>	
Investment Earnings and Other Interest	\$15,221
Gifts and Donations	<u>34,742</u>
Total Additions	<u>49,963</u>
<u>Deductions:</u>	
Noninstructional Services	<u>31,331</u>
Total Deductions	<u>31,331</u>
Change in Net Position	18,632
Net Position at Beginning of Year	<u>408,092</u>
Net Position at End of Year	<u><u>\$426,724</u></u>

See accompanying notes to the basic financial statements
See accountant's compilation report

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30,2023

Note 1 - Description of the School District and Reporting Entity

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

The School District is located in Allen County. It is staffed by one hundred three classified employees, one hundred sixty-four certified teaching personnel, and seventeen administrative employees who provide services to 2,244 students and other community members. The School District currently operates three instructional buildings and an administration building.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District.

The Elida Education Foundation, Inc. is organized as an Ohio non-profit corporation which operates exclusively for the benefit of the School District. The Foundation receives and administers donations for educational and public charitable purposes. The Foundation is governed by a five member board of trustees. One trustee is a member of the Board of Education, appointed by the Board of Education. One trustee is the Superintendent of the School District and one trustee is the Treasurer of the School District. The remaining two trustees are elected at the annual meeting of the members. The Foundation is a blended component unit of the School District. The School District acts as fiscal agent for the Foundation. The activity of the Foundation is reflected as a private purpose trust fund of the School District.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Description of the School District and Reporting Entity (continued)

The following activities are included within the reporting entity:

Within the School District boundaries, Temple Christian and the Center for Autism and Dyslexia are operated as private schools. Current State legislation provides funding to the private schools. The monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the private schools. The activity is reflected in a special revenue fund of the School District for financial reporting purposes.

The School District participates in two jointly governed organizations and three insurance pools. These organizations include the Northwest Ohio Area Computer Services Cooperative (NOACSC), Apollo Career Center, Ohio School Plan, Allen County Schools Health Benefit Plan, and Lima Allen County Chamber of Commerce Workers' Compensation Group Rating Plan. These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

These financial statements are presented on a cash basis of accounting. This basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principals include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants, contributions, and interest restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts. In fiscal year 2023, receipts in the amount of \$200,000 were received and reflected as general revenue as the program has not been assigned.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

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. Nonmajor funds are aggregated and presented in a single column. 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 funds of the School District are divided into two categories, governmental and fiduciary.

Governmental Funds

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's major funds are the General Fund and the Bond Retirement debt service fund.

General Fund - The General Fund 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.

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's private purpose trust fund accounts for college scholarships for students after graduation.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in the financial statements.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the object level for the General Fund and the fund level for all other funds. Budgetary allocations at the function and object level for all other funds are made by the Treasurer.

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

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward 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.

E. Cash and Investments

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

During fiscal year 2023, the School District's investments included nonnegotiable certificates of deposit, U.S. treasury securities, mutual funds, and STAR Ohio. Investments are reported at cost, except for mutual funds which are reported at current share price. 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 Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The School District measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals 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 day(s) but only to the \$250 million limit. All accounts of the participant will be combined for this purpose.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings and other interest. Investment earnings and other interest revenue credited to the General Fund during fiscal year 2023 was \$292,522, which included \$90,600 assigned from other School District funds.

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

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent unexpended revenues restricted for bus purchases and unclaimed monies that have a legal restriction on their use.

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

H. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

I. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and long-term obligations. Proceeds of debt are reported when cash is received, and principal and interest payments are reported when paid.

J. Net Position

Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for student activities, music and athletic programs, classroom facilities maintenance, and local grants; unexpended revenues restricted for bus purchases; and unclaimed monies that have a legal restriction on their use. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. 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:

Nonspendable - The nonspendable 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 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 a 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.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 2 - Summary of Significant Accounting Policies (continued)

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. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2023 budget. Certain resources have also been assigned for certain educational activities and capital improvements.

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

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

M. Pensions/Other Postemployment Benefits

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB 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.

Note 3 - Accountability and Compliance

A. Accountability

At June 30, 2023, the Other Local Grants, Miscellaneous State Grants, ESSER Cares, Title VI-B, Title III, Title I, and Title II-A special revenue funds had deficit cash balances of \$1,171, \$5,823, \$383,166, \$63,571, \$8,264, \$55,202, and \$2,792, respectively, resulting from disbursements in advance of grant receipts. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 3 - Accountability and Compliance (continued)

B. Compliance

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

Note 4 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash, receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances which are treated as cash disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis). The General Fund encumbrances outstanding at year end (budgetary basis) was \$186,866.

Note 5 - Deposits and Investments

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

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

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

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

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, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 - Deposits and Investments (continued)

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

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 5 - Deposits and Investments (continued)

Investments

The School District reports their investments at cost, fair value, or net asset value per share. As of June 30, 2023, the School District had the following investments.

<u>Measurement/Investment</u>	<u>Measurement Amount</u>	<u>Less Than Six Months</u>
Cost		
U.S. Treasury Securities	\$3,166,051	\$3,166,051
Fair Value		
Mutual Funds	331,401	331,401
Net Asset Value		
Per Share		
STAR Ohio	2,959,729	2,959,729
Total Investments	<u>\$6,457,181</u>	<u>\$6,457,181</u>

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the School District from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless matched to a specific obligation or debt of the School District.

The U.S. treasury securities and mutual funds carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service and STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The U.S. treasury securities make up 49.03 percent of the School District's total portfolio.

Note 6 - Property Taxes

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 6 - Property Taxes (continued)

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

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

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

	2022 Second-Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$442,679,440	96.48%	\$444,426,910	95.86%
Public Utility	16,167,470	3.52	19,176,950	4.14
Total Assessed Value	\$458,846,910	100.00%	\$463,603,860	100.00%
Tax rate per \$1,000 of assessed valuation	\$40.90		\$40.64	

Note 7 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

General Liability	
Per Occurrence	\$6,000,000
General Aggregate	8,000,000
Building and Contents	120,284,435
Vehicle Liability	6,000,000

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

For the fiscal year 2023, the School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 7 - Risk Management (continued)

The School District participates in the Allen County Schools Health Benefit Plan (Plan), a public entity shared risk pool consisting of ten school districts and the Allen County Educational Service Center. The School District pays monthly premiums to the Plan for employee medical and dental benefits. The Plan is responsible for the management and operations of the program and the payment of claims. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District participates in the Lima Allen County Chamber of Commerce Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 8 - Contractual Obligations

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

Vendor	Outstanding Balance
Blum USA, Inc	\$164,115
Peterson Construction Company	330,227
Snyder Excavating LLC	149,232

At fiscal year end, the significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2024 are as follows:

General Fund	\$186,866
Other Governmental Funds	695,556
Total	<u>\$882,422</u>

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans (continued)

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, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$505,047 for fiscal year 2023.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans (continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans (continued)

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

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

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

The School District's contractually required contribution to STRS was \$1,673,113 for fiscal year 2023.

Net Pension Liability

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09631760%	0.08658340%	
Prior Measurement Date	<u>0.09823900%</u>	<u>0.08556927%</u>	
Change in Proportionate Share	<u>-0.00192140%</u>	<u>0.00101413%</u>	
Proportionate Share of the Net Pension Liability	\$5,209,605	\$19,247,600	\$24,457,205

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - 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, are presented below:

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30,2023

Note 9 - Defined Benefit Pension Plans (continued)

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

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

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net pension liability	\$7,668,290	\$5,209,605	\$3,138,196

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

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

	<u>June 30, 2022</u>
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans (continued)

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

* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$29,076,115	\$19,247,600	\$10,935,717

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 9 - Defined Benefit Pension Plans (continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2023, two of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$69,793.

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 \$69,793 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

Net OPEB Asset

The net OPEB asset was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB 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:

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.09840470%	0.08658340%	
Prior Measurement Date	0.10110310%	0.08556927%	
Change in Proportionate Share	-0.00269840%	0.00101413%	
Proportionate Share of the:			
Net OPEB Liability	\$1,381,612	\$0	\$1,381,612
Net OPEB Asset	\$0	\$2,241,932	\$2,241,932

Actuarial Assumptions - SERS

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

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,715,983	\$1,381,612	\$1,111,684

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,065,471	\$1,381,612	\$1,794,544

Actuarial Assumptions - STRS

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

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 9.

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

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

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 10 - Defined Benefit OPEB Plans (continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$2,072,607	\$2,241,932	\$2,386,974

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$2,325,429	\$2,241,932	\$2,136,538

Note 11 - 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 year, depending upon length of service. All two hundred sixty day administrative personnel earn twenty days of vacation per contract period. The Superintendent and Treasurer earn twenty-five days of vacation per contract period. Accumulated unused vacation time is paid to classified employees, administrative personnel, and the Superintendent and Treasurer upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred seventy-five days for both certified and classified employees (excluding bus drivers and bus mechanics). Sick leave may be accumulated up to 1,716 hours and 2,200 hours for bus drivers and bus mechanics, respectively. Upon retirement, payment is made for 25 percent of the first two hundred days and \$25 for each day over two hundred for certified employees. Upon retirement, payment is made for 25 percent of the first fifty days and at 40 percent for each day over fifty days for classified employees (excluding bus drivers and bus mechanics). Upon retirement, payment is made for 25 percent of the first 300 hours for bus drivers and 400 hours for bus mechanics and at 40 percent for each hour over those limits.

B. Health Care Benefits

The School District offers medical, drug, and dental insurance to most employees through the Allen County Schools Health Benefit Plan. Vision insurance is provided by Fidelity Security Life. In addition, the School District offers life insurance through Dearborn National Life Insurance.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 12 - Long-Term Obligations

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

	Balance at 6/30/22	Additions	Reductions	Balance at 6/30/23	Amounts Due Within One Year
Governmental Activities					
General Obligation Bonds					
2008 School Improvement Bonds					
Capital Appreciation Bonds 4.75%	\$328,350	\$0	\$176,317	\$152,033	\$152,033
Accretion on Capital Appreciation Bonds	2,138,368	443,283	1,278,683	1,302,968	0
2016 School Improvement Refunding Bonds					
Serial Bonds 2-4%	11,125,000	0	380,000	10,745,000	395,000
Term Bonds 3.38%	10,985,000	0	0	10,985,000	0
Capital Appreciation Bonds 2-3%	939,970	0	0	939,970	0
Accretion on Capital Appreciation Bonds	1,894,968	563,758	0	2,458,726	0
2018 School Improvement Bonds					
Serial Bonds 2.5-4%	2,900,000	0	445,000	2,455,000	465,000
Term Bonds 3.25-3.75%	13,320,000	0	0	13,320,000	0
Capital Appreciation Bonds 2.81-3.08%	536,446	0	0	536,446	0
Accretion on Capital Appreciation Bonds	362,162	131,809	0	493,971	0
Bond Premium	343,793	0	9,130	334,663	0
Capital Loan from Direct Borrowing 2.15%	835,266	0	103,782	731,484	106,025
Total Governmental Activities	\$45,709,323	\$1,138,850	\$2,392,912	\$44,455,261	\$1,118,058

2008 School Improvement General Obligation Bonds - On September 4, 2008, the School District issued general obligation bonds, in the amount of \$38,249,986; serial bonds, in the amount of \$12,320,000, term bonds, in the amount of \$25,160,000, and capital appreciation bonds, in the amount of \$769,986. During fiscal year 2016, a portion of the serial bonds and all of the term bonds were refunded, in the amount of \$1,400,000 and \$25,160,000, respectively. The remaining serial bonds matured and were fully retired during fiscal year 2019.

The capital appreciation bonds will mature in fiscal years 2021 through 2023. The maturity amount of the bonds is \$5,820,000. For fiscal year 2023, \$443,283 was accreted for a total bond value of \$1,455,001.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 12 - Long-Term Obligations (continued)

2016 School Improvement Refunding Bonds - On January 14, 2016, the School District issued general obligation refunding bonds, in the amount of \$26,559,970; serial bonds, in the amount of \$14,635,000, term bonds, in the amount of \$10,985,000, and capital appreciation bonds, in the amount of \$939,970. These bonds refunded \$26,560,000 of the School District's 2008 School Improvement General Obligation Bonds.

The serial bonds maturing after December 1, 2023, are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any interest payment date on or after December 1, 2023, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2029, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2028, in the amount of \$1,910,000, at a redemption price equal to 100 percent of the principal amount redeemed accrued interest to the redemption date.

Unless otherwise called for redemption, the remaining \$1,965,000 principal amount of the Refunding Bonds due December 1, 2029 is to be paid at a stated maturity.

The term bonds maturing on December 1, 2036, are subject to mandatory sinking fund redemption, in part by lot, pursuant to the terms of the mandatory sinking fund redemption requirements of the School District. The mandatory redemption is to occur on December 1, 2034, in the amount of \$4,660,000, at a redemption price equal to 100 percent of the principal amount redeemed accrued interest to the redemption date.

The capital appreciation bonds will mature in fiscal years 2024 through 2026. The maturity amount for the bonds is \$5,580,000. For fiscal year 2023, \$563,758 was accreted for a total bond value \$3,398,696.

2018 School Improvement General Obligation Bonds - On September 10, 2018, the School District issued general obligation bonds, in the amount of \$17,906,446, for constructing, renovating, and improving school facilities. The bond issue included serial, term, and capital appreciation bonds, in the original amount of \$4,050,000, \$13,320,000, and \$536,446, respectively. The bonds were issued for a thirty fiscal year period, with final maturity in fiscal year 2049. The bonds are being retired through the Bond Retirement debt service fund.

The serial bonds maturing on or after December 1, 2027, are subject to optional redemption on or after December 1, 2025, by and at the sole option of the School District, either in whole or in part and in integral multiples of \$5,000, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The bonds maturing on December 1, 2032, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 12 - Long-Term Obligations (continued)

Year	Amount
2031	\$540,000

The remaining principal, in the amount of \$560,000, will be paid at stated maturity on December 1, 2032.

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

Year	Amount
2033	\$575,000
2034	595,000

The remaining principal, in the amount of \$620,000, will be paid at stated maturity on December 1, 2035.

The bonds maturing on December 1, 2038, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2036	\$640,000
2037	665,000

The remaining principal, in the amount of \$685,000, will be paid at stated maturity on December 1, 2038.

The bonds maturing on December 1, 2043, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2039	\$710,000
2040	740,000
2041	765,000
2042	795,000

The remaining principal, in the amount of \$825,000, will be paid at stated maturity on December 1, 2043.

The bonds maturing on December 1, 2048, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 12 - Long-Term Obligations (continued)

Year	Amount
2044	\$855,000
2045	885,000
2046	920,000
2047	955,000

The remaining principal, in the amount of \$990,000, will be paid at stated maturity on December 1, 2048.

The capital appreciation bonds will mature in fiscal years 2025 through 2027. The maturity amount for the bonds is \$1,425,000. For fiscal year 2023, \$131,809 was accreted for a total bond value \$1,030,417.

Capital Loan - On December 23, 2020, the School District obtained a loan, through a direct borrowing, for equipment. The loan was issued for a nine year period, with final maturity in fiscal year 2030. The loan will be paid from the General fund.

The School District's overall debt margin was \$5,808,255 with an unvoted debt margin of \$463,604 at June 30, 2023.

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

Fiscal Year Ending June 30,	General Obligation Bonds				
	Serial	Term	Capital Appreciation	Interest	Total
2024	\$860,000	\$0	\$152,033	\$2,537,485	\$3,549,518
2025	0	0	575,324	2,983,938	3,559,262
2026	0	0	487,615	3,071,647	3,559,262
2027	0	0	413,477	3,145,785	3,559,262
2028	2,335,000	0	0	1,191,859	3,526,859
2029-2033	7,785,000	4,975,000	0	4,842,990	17,602,990
2034-2038	2,220,000	10,205,000	0	2,633,267	15,058,267
2039-2043	0	3,695,000	0	1,374,416	5,069,416
2044-2048	0	4,440,000	0	614,064	5,054,064
2049	0	990,000	0	18,563	1,008,563
	<u>\$13,200,000</u>	<u>\$24,305,000</u>	<u>\$1,628,449</u>	<u>\$22,414,014</u>	<u>\$61,547,463</u>

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30,2023

Note 12 - Long-Term Obligations (continued)

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

Fiscal Year Ending June 30,	Capital Loan	Interest	Total
2024	\$106,025	\$15,161	\$121,186
2025	108,317	12,869	121,186
2026	110,658	10,528	121,186
2027	113,050	8,135	121,185
2028	115,494	5,691	121,185
2029-2031	177,940	3,836	181,776
	<u>\$731,484</u>	<u>\$56,220</u>	<u>\$787,704</u>

Note 13 - 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	Bond Retirement	Other Governmental	Total Governmental Funds
Nonspendable:				
Unclaimed Monies	\$849	\$0	\$0	\$849
Restricted for:				
Athletics and Music	0	0	104,570	\$104,570
Building Construction	0	0	907,085	907,085
Bus Purchase	5,500	0	0	5,500
Classroom Facilities				
Maintenance	0	0	791,333	791,333
Debt Service	0	3,217,357	0	3,217,357
Food Service Operations	0	0	879,675	879,675
Permanent Improvements	0	0	188,987	188,987
Regular Instruction	0	0	188,958	188,958
Student Activities	0	0	98,318	98,318
Total Restricted	<u>5,500</u>	<u>3,217,357</u>	<u>3,158,926</u>	<u>6,381,783</u>

(continued)

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 - Fund Balance (continued)

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Assigned for:				
Capital Improvements	\$339,358	\$0	\$0	\$339,358
Educational Activities	39,702	0	0	39,702
Projected Budget Shortage	63,830	0	0	63,830
Unpaid Obligations	61,675	0	0	61,675
Total Assigned	504,565	0	0	504,565
Unassigned	5,307,083	0	(519,989)	4,787,094
Total Fund Balance	\$5,817,997	\$3,217,357	\$2,638,937	\$11,674,291

Note 14 - Set Asides

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

The following cash basis information identifies the change in the fund balance reserve for capital improvements during fiscal year 2023.

	Capital Improvements
Balance June 30, 2022	\$0
Current Year Set Aside Requirement	492,377
Current Year Offsets	(492,377)
Balance June 30, 2023	\$0

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 15 - Jointly Governed Organizations

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hancock, Hardin, Lucas, Mercer, Paulding, Putnam, Seneca, Van Wert, and Wood Counties, and the Cities of St. Marys and Wapakoneta. 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 educational entities. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2023, the School District paid \$78,022 to NOACSC for various services. Financial information can be obtained from NOACSC, 4277 East Road, Elida, Ohio 45807

B. Apollo Career Center

The Apollo Career Center is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Center is operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from the Apollo Career Center, 3325 Shawnee Road, Lima, Ohio 45806.

Note 16 - Insurance Pools

A. Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Insurance Pools (continued)

B. Allen County Schools Health Benefit Plan

The School District participates in the Allen County Schools Health Benefit Plan (Plan), a public entity shared risk pool consisting of the school districts within Allen County and the Allen County Educational Service Center. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Directors which advises the Trustee, Allen County Educational Service Center, concerning aspects of the administration of the Plan.

Each school district decides which plans offered by the Board of Directors will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the Allen County Educational Service Center, 1920 Slabtown Road, Lima, Ohio 45801.

C. Lima Allen County Chamber of Commerce Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Lima Allen County Chamber of Commerce Workers' Compensation Group Rating Plan (Plan) was established through the Lima Allen County Chamber of Commerce as an insurance purchasing pool. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 17 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Elida Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 17 – Contingencies (continued)

C. Litigation

There are currently no matters in litigation with the School District as defendant.

Note 18 - COVID 19

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

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