CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

Covington Exempted Village School District
Miami County, Ohio

Basic Financial Statements – Cash Basis

June 30, 2024

with Accountants' Compilation Report

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CLARK SCHAEFER HACKETT
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The Board of Education
Covington Exempted Village School District
315 South Main Street
Covington, Ohio 45318

Management is responsible for accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Covington Exempted Village School District (the District) as of and for the year ended June 30, 2024, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with the cash basis of accounting, and for determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with 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 basic 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 1 of the basic financial statements, which describes the basis of accounting. The basic financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
August 22, 2024

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Covington Exempted Village School District
Miami County, Ohio
Statement of Net Position - Cash Basis
June 30, 2024

	Governmental Activities
Cash Assets:	
Equity in pooled cash, cash equivalents and investments	$ 9,509,702
Total Cash Assets	$ 9,509,702
Net Cash Position:	
Restricted for:	
Debt service	$651,732
Facilities maintenance	463,268
Student activities	195,230
Education foundation - scholarships	640,602
Federal and State education grants	97,670
Food service operations	260,672
Unrestricted	7,200,528
Total Net Cash Position	$ 9,509,702

See accountants' compilation report.

See accompanying notes to the basic financial statements.

Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2024

		Program Cash Receipts		Net (Disbursement) Receipt and Change in Net Cash Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	$ 5,166,069	$ 43,923	$ 472,059	$ (4,650,087)
Special	2,635,990	132,922	542,100	(1,960,968)
Student intervention services	59,835	-	62,623	2,788
Other	361	-	17,701	17,340
Support Services:				
Pupils	738,618	-	-	(738,618)
Instructional staff	252,721	-	-	(252,721)
Board of education	10,599	-	-	(10,599)
Administration	1,001,852	-	-	(1,001,852)
Fiscal	288,114	-	-	(288,114)
Operation and maintenance of plant	1,240,634	11,081	143,343	(1,086,210)
Pupil transportation	621,997	-	-	(621,997)
Central	91,775	-	5,993	(85,782)
Operation of non-instructional services	569,963	207,811	381,572	19,420
Extracurricular activities	751,738	276,275	47,892	(427,571)
Capital outlay	160,227	-	-	(160,227)
Debt Service:				
Principal	190,000	-	-	(190,000)
Interest	299,475	-	-	(299,475)
Total Governmental Activities	$ 14,079,968	$ 672,012	$ 1,673,283	(11,734,673)

General Cash Receipts	
Property Taxes Levied for:	
General purposes	2,672,726
Debt service	351,296
Income Taxes Levied for:	
General purposes	3,166,350
Facility maintenance	47,892
Grants and entitlements not restricted to specific purposes	5,881,372
Interest	493,732
Miscellaneous	14,314
Total General Receipts	12,627,682
Change in Net Cash Position	893,009
Net Cash Position Beginning of Year	8,616,693
Net Cash Position End of Year	$ 9,509,702

See accountants' compilation report.

See accompanying notes to the basic financial statements.

Covington Exempted Village School District
Miami County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2024

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash Assets:				
Equity in pooled cash, cash equivalents and investments	$ 3,623,948	$ 3,270,997	$ 2,614,757	$ 9,509,702
Total Assets	$ 3,623,948	$ 3,270,997	$ 2,614,757	$ 9,509,702
Fund Balances:				
Restricted for:				
Debt service	$ -	$ -	$ 651,732	$ 651,732
Facilities maintenance	-	-	463,268	463,268
Student activities	-	-	195,230	195,230
Education foundation - scholarships	-	-	640,602	640,602
Federal and State education grants	-	-	97,670	97,670
Food service operations	-	-	260,672	260,672
Assigned for:				
Capital projects	-	3,270,997	305,583	3,576,580
School activities	28,937	-	-	28,937
Termination benefits	191,094	-	-	191,094
Future expenditures	84,499	-	-	84,499
Unassigned	3,319,418	-	-	3,319,418
Total Fund Balances	$ 3,623,948	$ 3,270,997	$ 2,614,757	$ 9,509,702

See accountants' compilation report.

See accompanying notes to the basic financial statements.

Covington Exempted Village School District
Miami County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts:				
Property and other local taxes	$ 2,672,726	$ -	$ 351,296	$ 3,024,022
Income tax	3,166,350	-	47,892	3,214,242
Intergovernmental	6,236,726	-	1,092,850	7,329,576
Interest	299,841	140,315	53,576	493,732
Tuition and fees	165,200	-	-	165,200
Extracurricular activities	20,987	-	269,852	290,839
Customer sales and services	-	-	204,892	204,892
Gifts and donations	71,471	12,000	141,608	225,079
Miscellaneous	16,637	-	8,758	25,395
Total Receipts	12,649,938	152,315	2,170,724	14,972,977
Cash Disbursements:				
Current:				
Instruction:				
Regular	5,044,311	-	121,758	5,166,069
Special	2,282,215	-	353,775	2,635,990
Student intervention services	21,534	-	38,301	59,835
Other	361	-	-	361
Support Services:				
Pupils	722,106	-	16,512	738,618
Instructional staff	252,721	-	-	252,721
Board of education	10,599	-	-	10,599
Administration	1,001,852	-	-	1,001,852
Fiscal	275,584	-	12,530	288,114
Operation and maintenance of plant	1,009,978	115,648	115,008	1,240,634
Pupil transportation	621,997	-	-	621,997
Central	85,782	-	5,993	91,775
Operation of non-instructional services	931	-	569,032	569,963
Extracurricular activities	402,974	38,729	310,035	751,738
Capital Outlay	5,170	155,057	-	160,227
Debt Service:				
Principal	-	-	190,000	190,000
Interest	-	-	299,475	299,475
Total Disbursements	11,738,115	309,434	2,032,419	14,079,968
Excess of Receipts Over(Under) Disbursements	911,823	(157,119)	138,305	893,009
Other Financing Sources (Uses):				
Transfers in	-	952,126	262,619	1,214,745
Transfers out	(1,213,126)	-	(1,619)	(1,214,745)
Total Other Financing Sources (Uses)	(1,213,126)	952,126	261,000	-
Net Change in Fund Balance	(301,303)	795,007	399,305	893,009
Fund Balance, Beginning of Year	3,925,251	2,475,990	2,215,452	8,616,693
Fund Balance, End of Year	$ 3,623,948	$ 3,270,997	$ 2,614,757	$ 9,509,702

See accountants' compilation report.

See accompanying notes to the basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity
Covington Exempted Village School District (the "School District") is a body politic and corporate for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines.

The School District serves an area of approximately 35 square miles. The School District operates one instructional/support facility in which services are provided to 801 students and other community members.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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. The School District does not have any component units.

The School District is associated with four jointly governed organizations, three insurance purchasing pools, and one related organization. These organizations are discussed in Notes 10, 11 and 12 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
- Metropolitan Educational Technology Association (META)
- Southwestern Ohio Educational Purchasing Council (SOEPC)
- Upper Valley Career Center
- The Covington Education Fund

Related Organization:
- The J.R. Clarke Public Library

Insurance Purchasing Pools:
- Ohio School Boards Association Workers' Compensation Group Rating Plan
- SOEPC Medical Benefits Plan
- Schools of Ohio Risk Sharing Authority (SORSA)

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 principles include all relevant GASB pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. The following are the more significant of the School District's accounting policies.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 any fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental receipts) and those that are considered business-type activities (primarily supported by fees and charges). However, for fiscal year 2024 the School District only reports governmental activities.

The statement of net position presents the cash balance of the governmental activities of the School District at 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 and capital needs 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.

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

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 various funds of the School District are all categorized as governmental funds.

Governmental Funds
The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The following are the School District's major governmental funds:

General Fund – This fund is used to account for all financial resources, except those required to be accounted for in another fund. The general fund is available to the School District for any purpose, provided it is expended or transferred according to the general laws of Ohio.

Permanent Improvement Fund – This fund is to account for and report the accumulation of income tax monies that have been transferred from the general fund that are assigned for expenditures in connection with purchase and construction, as well as repair and maintenance, of capital assets by the School District.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 reported 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 and provided services not yet collected) and certain liabilities (such as accounts payable and expenses for goods and services received but not yet paid, and certain accrued expenses and liabilities) are not recorded in the financial statements.

Cash and Cash Equivalents
To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash, cash equivalents and investments". All investments of the cash management pool are considered to be cash and cash equivalents for financial reporting purposes.

During fiscal year 2024, the School District's investments consisted of STAR Ohio, negotiable certificates of deposits, and U.S. Treasury Notes.

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

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2024 was $299,841, which included $90,248 assigned from other School District funds.

Budgetary Process
All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget indicates the projected receipts and disbursements for those funds receiving tax monies. 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 legal level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at levels below the legal level of control are made by the Treasurer.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The appropriation resolution is subject to amendment by the Board throughout the school year with the restriction that appropriations may not exceed estimated revenues. The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the School District.

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

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.

Long-Term Obligations
Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest are reported when disbursements are made. The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Leases and Subscription Based Information Technology Agreements (SBITAs)
The School District is a party to various agreements which would be classified as leases or SBITAs. However, due to the basis of accounting utilized to prepare the financial statements, liabilities for these agreements are not presented. Lease and subscription disbursements are recognized when paid.

Pension Systems
For purposes of measuring the net pension and OPEB assets and liabilities, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value. The School District's net pension and OPEB assets and liabilities are not reported on the cash basis financial statements, rather information regarding these items is limited to note disclosures (see Notes 7 and 8).

Net Position
Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The School District's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. The School District did not have any fund balance classified as nonspendable at fiscal year-end.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. Those committed amounts cannot be used for any other purpose unless the governing board 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. The School District did not have any fund balance classified as committed at fiscal year-end.

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

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

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

Interfund Activity
Transfers and advances within governmental activities are eliminated on the government-wide financial statements.

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. If there is an intention for repayment, the flows of cash or goods between funds are reported as interfund advances. Both interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statement.

NOTE 2 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03(B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statement 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 financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

Active Monies – These monies are 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 Monies – These monies have been identified by the Board of Education as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposits maturing no later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District 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;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

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

6. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2);

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

8. Bankers’ acceptances and commercial paper if training requirements have been met.

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

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

Deposits
Custodial credit risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of the School District's deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By Ohio law, financial institutions must collateralize all public deposits as follows:

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

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

At fiscal year end, the carrying amount of the School District's deposits was $93,324 and the bank balance was $308,661. Federal depository insurance covered $263,982 of the bank balance at year end.

Investments
The School District's investment policy authorizes the Treasurer to make investments of available monies from the funds of the School District in securities authorized by State law.

	Measurement	% of	Investment Maturities	
	Value	Portfolio	< 1 year	1 to 3 yrs
STAR Ohio	$ 6,177,811	65.5%	$ 6,177,811	$ -
US Treasury Notes	2,738,567	29.2%	2,738,567	-
Negotiable CDs	500,000	5.3%	250,000	250,000
Total	$ 9,416,378	100.0%	$ 9,166,378	$ 250,000

Interest Rate Risk – The Ohio Revised Code and School District policy require that investments mature within five (5) years of settlement date, unless they are matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk – The School District's investment policy limits investments to those authorized by State statute. At June 30, 2024, the School District's Investments in US Treasury notes were rated AA+ and STAR Ohio was rated AAAm by Standard and Poor's. Investments in negotiable certificates of deposit were fully insured by Federal depository insurance.

NOTE 3 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy does not address investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk – The School District's investment policy places no limit on the amount that may be invested in any one issuer.

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property located in the School District. Real property taxes collected during 2024 were levied after April 1, 2023 on assessed values as of January 1, 2023, the lien date.

Assessed values are established by the county auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last reappraisal was completed in 2019. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable on June 20.

Public utility tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public tangible personal property is currently assessed at 100 percent of its true value. Public utility personal property taxes are payable on the same dates as real property described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the School District. The County Auditor periodically remits to the School District its portion of the taxes collected. The assessed values upon which the fiscal year 2024 taxes were collected are:

	2024 First Half Collections		2023 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural, residential, and other real property	$ 139,920,090	95.67%	$ 139,558,530	96.21%
Public utility personal property	6,327,320	4.33%	5,505,110	3.79%
Total	$ 146,247,410	100.00%	$ 145,063,640	100.00%
Tax rate per $1,000 of assessed valuation	$33.15		$33.15	

NOTE 5 - INCOME TAXES

The School District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on April 1, 1994 and is a continuing tax. The School District's residents also approved an additional one and a quarter percent, for five years, effective January 2006 and has been subsequent renewed through 2025. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general, debt service and facilities maintenance funds.

NOTE 5 - INCOME TAXES (continued)
An additional one-quarter percent continuing income tax was passed in May 2013, effective January 1, 2014, along with a 3.89 mill bond levy, to fund the construction of a new pre-kindergarten through eighth grade school facility and renovations to the existing high school building.

NOTE 6 - RISK MANAGEMENT

Property and Liability
The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. For fiscal year 2024, the School District joined together with other school districts in Ohio to participate in the Schools of Ohio Risk Sharing Authority (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the ORC.

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 nine-member board consisting of superintendents, treasurers and business managers.

The York Risk Services Group is responsible for processing claims. Willis Pooling Practice serves as the Plan's administrator, sales representative, and marketing representative who establish agreements between the Plan and its members. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43212.

Coverage limits as of June 30, 2024 are as follows:

Buildings and Contents - replacement cost (all members)	$ 350,000,000
Automobile Liability	15,000,000
General Liability:	
Per Occurrence	15,000,000
Annual Aggregate	17,000,000
Crime Coverage	1,000,000

There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for any part of the last three years.

Workers' Compensation
For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 6 - RISK MANAGEMENT (continued)

Medical Benefits
The District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), an insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance costs for the School District by virtue of its grouping and representation with other participants in the MBP. Premium rates are calculated for each district based on a combination of each district's experience and the MBP experience. Each participant pays its health insurance premiums to the Southwestern Ohio Educational Purchasing Council (SOEPC). Participation in the MBP is limited to school districts who are members of the SOEPC.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy **–** Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required contribution to SERS was $254,442 for fiscal year 2024.

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective August 1, 2023 to July 1, 2028, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2028, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013 must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy **–** Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately $703,949 for fiscal year 2024.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liability
The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an 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 projected contributions of all participating entities.

Following is information related to the School District's proportionate share of the net pension liability:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 2,198,967	$ 7,503,985	$ 9,702,952
Proportion of the Net Pension Liability:			
Current Year	0.0397966%	0.0348456%	
Prior Year	0.0388708%	0.0346104%	
Change in Proportionate Share	0.0009258%	0.0002352%	

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 consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

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

Inflation	2.40 percent
Future salary increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent, on and after 4/1/2018, COLA's for future retirees will be delayed for 3 years following retirement.
Investment rate of return	7.00 percent net of investment expenses
Actuarial cost method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US equity	24.75%	4.82%
Non-US equity developed	13.50%	5.19%
Non-US equity emerging	6.75%	5.98%
Fixed income/global bonds	19.00%	2.24%
Private equity	12.00%	7.49%
Real estate/real assets	17.00%	3.70%
Private debt/private credit	5.00%	5.64%
Total	100.00%	

Discount Rate **–** Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). 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 7.0%, 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 (6.0%), or one percentage point higher (8.0%) 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	$ 3,245,563	$ 2,198,967	$ 1,317,409

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return**
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	1.00%	1.00%
Total	100.00%	

* - Final target wieghts reflected at October 1, 2022

** - 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 7 - DEFINED BENEFIT PENSION PLANS (continued)

Discount Rate **–** The discount rate used to measure the total pension liability was 7.0% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes 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's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **–** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, 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 (6.0%) or one-percentage-point higher (8.0%) 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	$ 11,539,468	$ 7,503,985	$ 4,091,070

Social Security System
All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2024, three of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

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

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

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

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset or liability. Resulting adjustments to the net OPEB asset or liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Health Care Plan Description - School Employees Retirement System (SERS)
SERS' Health Care program provides health care 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.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, the minimum compensation amount was $30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was $33,397.

Health Care Plan Description - State Teachers Retirement System (STRS)
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 Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Funding Policy—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, no employer allocation was made to the health care fund.

Net OPEB Asset/Liability

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

	SERS	STRS	Total
Proportionate Share of the Net:			
OPEB Asset	$ -	$ 677,699	$ 677,699
OPEB Liability	675,968	-	675,968
Proportion of the Net OPEB Asset/Liability:			
Current Year	0.0410313%	0.0348456%	
Prior Year	0.0399008%	0.0346104%	
Change in Proportionate Share	0.0011305%	0.0002352%	

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 consider the employee's entire career with the employer and 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, prepared as of June 30, 2023 follow:

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Investment rate of return:	7.00% of net investment expense, including inflation
Wage inflation:	2.40%
Future salary increases, including inflation	3.25% to 13.58%
Municipal bond index rate:	
Current measurement date	3.86%
Prior measurement date	3.69%
Single equivalent interest rate, net of plan investment expense:	
Current measurement date	4.27%, including price inflation
Prior measurement date	4.08%, including price inflation
Medical Trend Assumption:	
Current measurement date	6.75% - 4.40%

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	0.75%
US equity	24.75%	4.82%
Non-US equity developed	13.50%	5.19%
Non-US equity emerging	6.75%	5.98%
Fixed income/global bonds	19.00%	2.24%
Private equity	12.00%	7.49%
Real estate/real assets	17.00%	3.70%
Private debt/private credit	5.00%	5.64%
Total	100.00%	

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2048 and the Municipal Bond Index rate of 3.86% as of June 30, 2023 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 4.27%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27%) and one percentage point higher (5.27%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Rate	3.27%	4.27%	5.27%
School District's proportionate share of the net OPEB liability	$ 864,081	$ 675,968	$ 527,634

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (5.75% decreasing to 3.40%) and one percentage point higher (7.75% decreasing to 5.40%) than the current rates.

	1% Decrease	Current Trend Rate	1% Increase
Rate	5.75% decreasing to 3.40%	6.75% decreasing to 4.40%	7.75% decreasing to 5.40%
School District's proportionate share of the net OPEB liability	$ 496,610	$ 675,968	$ 913,641

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Actuarial Assumptions - STRS
The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	Varies by service from 2.5% to 8.5%	
Payroll increases	3.00%	
Investment rate of return:	7.00%, net of investment expenses, including inflation	
Discount rate of return:	7.00%	
Health care cost trends:		
	Initial	Ultimate
Medical:		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

The actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actual experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic equity	26.00%	6.60%
International equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed income	22.00%	1.75%
Real estate	10.00%	5.75%
Liquidity reserves	1.00%	1.00%
Total	100.00%	

* - Final target weights reflected at October 1, 2022

** - 10 year annualized geometric nominal returns include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (continued)

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB asset calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Rate	6.00%	7.00%	8.00%
School District's proportionate share of the net OPEB asset	$ 573,584	$ 677,699	$ 768,373

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB asset	$ 772,581	$ 677,699	$ 563,417

NOTE 9 - LONG-TERM DEBT OBLIGATIONS
The activity of the School District's long-term obligations during fiscal year 2024 was as follows:

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024	Due within One Year
General Obligation Bonds:					
Series 2013 Bonds					
Capital Appreciation	$ 55,000	$ -	$ 10,000	$ 45,000	$ 15,000
Accreted Interest	237,432	52,341	25,000	264,773	20,000
Series 2017 Refunding Bonds					
Current Interest	7,865,000	-	155,000	7,710,000	170,000
Capital Appreciation	385,000	-	-	385,000	-
Accreted Interest	1,123,034	56,311	-	1,179,345	-
Total Long-Term Obligations	$ 9,665,466	$ 108,652	$ 190,000	$ 9,584,118	$ 205,000

2013 School Facilities Construction and Improvement Bonds
On September 5, 2013, the School District issued $9 million in general obligation serial bonds for the purpose of improving school facilities. Principal and interest payments are made from the debt service fund. The issue is comprised of both current interest serial bonds, par value of $8,935,000, and capital appreciation bonds, par value of $65,000. The interest rates on the current interest bonds range from 1.0% to 6.0%. The capital appreciation bonds mature on November 1, 2022 through November 1, 2030 (stated interest rates ranging from 7.77% to 25.33%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $770,000 in total. Total accreted interest of $264,773 for the Series 2013 capital appreciation bonds has been included in the table above. $8,720,000 of these bonds were refunded through the issuance of the 2017 refunding bonds discussed below, which revised the final maturity of these bonds to November 1, 2030.

2017 General Obligation Refunding Bonds
On December 28, 2017, the School District issued $8,725,000 in general obligation refunding bonds to provide resources to purchase U.S. Government securities which were placed, along with premium proceeds received from the sale of the bonds, in an irrevocable trust for the purpose of generating sufficient resources to satisfy the debt service requirements of $8,720,000 of the 2013 school facilities construction and improvement bonds at the call date of November 1, 2021. As a result, the refunded bonds are considered defeased and the liability associated with these bonds have been removed from the School District's long-term obligations shown in the table above.

The 2017 issue is comprised of both current interest serial bonds, par value of $8,340,000, and capital appreciation bonds, par value of $385,000. The interest rates on the current interest bonds range from 2.0% to 4.0%. The capital appreciation bonds mature on November 1, 2032 through November 1, 2039 (stated interest rates ranging from 9.90% to 10.65%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $2,460,000 in total. Total accreted interest of $1,179,345 for the 2017 capital appreciation bonds has been included in the long-term obligation table above. The final maturity date is November 1, 2051.

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

The following is a summary of the School District's future annual debt service requirements to maturity for its general obligation bonds:

GO Bonds:

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
Ended June 30,	Principal	Interest	Total	Principal	Interest	Total
2025	$ 170,000	$ 292,975	$ 462,975	$ 15,000	$ 20,000	$ 35,000
2026	145,000	286,675	431,675	5,000	85,000	90,000
2027	150,000	280,775	430,775	5,000	100,000	105,000
2028	155,000	274,675	429,675	5,000	105,000	110,000
2029	160,000	268,375	428,375	5,000	105,000	110,000
2030-2034	825,000	1,232,575	2,057,575	130,000	695,000	825,000
2035-2039	285,000	1,121,375	1,406,375	225,000	1,315,000	1,540,000
2040-2044	1,495,000	968,775	2,463,775	40,000	310,000	350,000
2045-2049	2,475,000	569,963	3,044,963	-	-	-
2050-2052	1,850,000	99,575	1,949,575	-	-	-
Total	$ 7,710,000	$ 5,395,738	$ 13,105,738	$ 430,000	$ 2,735,000	$ 3,165,000

Legal Debt Limits
At June 30, 2024, the School District's overall legal debt limit was $13,162,267 and the un-voted debt limit was $146,247. ORC Section 133.06(I) permits school districts to incur net indebtedness in excess of the 9% limitation, without obtaining the consent of the State Superintendent and the Tax Commissioner, when bond proceeds will be used exclusively to fund a school district's Commission-required local effort. Accordingly, the proceeds of the bonds will be used exclusively to fund the School District's Commission-required local effort, and, as a result, are not subject to State consents/special needs approval.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META Solutions)
Metropolitan Educational Technology Association (META) is a computer consortium and educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META Solutions consists of a president, vice-president, and six board members who represent the members of META. The Board works with META's chief executive officer, chief operating officer, and chief financial officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each school district's degree of control is limited to its representation on the Board. The School District paid META $30,093 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS (continued)

Southwestern Ohio Educational Purchasing Council
The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 132 member school districts and boards of developmental disabilities in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. The School District did not make any payments to the SOEPC in fiscal year 2024. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Upper Valley Career Center
The Upper Valley Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Bradford Exempted Village School District, Covington Exempted Village School District, and Miami County Educational Service Center. Two members are appointed from the following city school districts and/or educational service center: Piqua, Sidney, and Troy City School Districts and Midwest Regional Educational Service Center. To obtain financial information, write to the Upper Valley Career Center, Anthony Fraley, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

The Covington Education Fund
The Covington Education Fund is a component fund of the Troy Foundation. The purpose of the Education Fund is to promote general education enrichment in the community of Covington.

The Covington Education Fund is governed by a Distribution Committee appointed by each of the following: Star Bank of Troy, Covington Village Council, Covington Chamber of Commerce, Covington Board of Education, and Newberry Township Trustees. The Distribution Committee possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsides. Financial information can be obtained from Melissa Kleptz, President and CEO, The Troy Foundation, 216 West Franklin Street, Troy, Ohio 45373.

NOTE 11 – RELATED ORGANIZATION

The J.R. Clarke Public Library
The J.R. Clarke Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of seven Trustees. Covington Board of Education approves the appointment of trustees to the Library Board. Each Trustee is in office for a term of seven years.

The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the J.R. Clarke Public Library, Mary Beth Benedict, who serves as Fiscal Officer, 102 East Spring Street, Covington, Ohio 45318.

NOTE 12 – INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan
The School District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Plan (GRP), insurance purchasing pool. The GRP's business and affairs are conducted by a three member board of directors consisting of the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designees, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Financial information can be obtained from Teri Morgan, Senior Deputy Director of Board and Management Services, at 8050 North High Street Suite 100, Columbus, Ohio 45235.

The intent of the Program 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 Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Program is limited to school districts that can meet the Program's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Program.

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan
The School District participates in the Southwestern Ohio Educational Purchasing Council Benefit Plan Trust (Trust). The Trust is a public entity shared risk pool consisting of 95 school districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501C(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plan offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information may be obtained from the Southwestern Ohio Educational Purchasing Council, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Schools of Ohio Risk Sharing Authority ("SORSA")
The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA) which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code – Non-profit Corporations and functioning under the authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons which might result in claims being made against members of SORSA, their employees or officers.

SORSA is governed by a nine-member Board of Directors, each a current public school administrator, elected by and from, the membership for a three year term. The BOD meets ten times a year and is involved in all aspects of the program. The Board retains legal counsel with Peck, Shaffer & Williams LLC. SORSA is managed by an Executive Director. Willis Pooling administers the pool and York Risk Services Group manages the claims. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43212.

NOTE 13 - CONTINGENCIES

Grants
The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

NOTE 13 – CONTINGENCIES (continued)

Litigation
The School District is involved in no material litigation as either plaintiff or defendant.

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 school districts throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2024 are not finalized. As a result, the impact of future FTE adjustments, on the fiscal year 2024 financial statements is not determinable at this time. Management does not believe any such adjustment would have a significant effect on the School Foundation received for the current fiscal year.

NOTE 14 – CAPITAL IMPROVEMENT SET-ASIDE
The School District is required by State statute to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year. The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements as required by State statute.

Set-aside Reserve Balance as of June 30, 2023	$ -
Current Year Set-aside Requirement	163,916
Qualifying Disbursements	-
Current Year Offsets	(1,000,018)
Total	$ (836,102)
Balance Carried forward to FY 2025	$ -
Set-aside Reserve Balance June 30, 2024	$ -

In fiscal year 2014, the School District issued $9,000,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented each year as a “qualifying offset from bond proceeds” is limited to an amount needed to reduce the reserve for capital improvement to zero. For fiscal year 2024, the School District did not allocate any funds in offsets from the above noted bonds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was $8,854,148 at June 30, 2024.

NOTE 15 – COMMITMENTS - ENCUMBRANCES
At year end the School District had the following amounts encumbered for future purchase obligations:

Fund	
General Fund	$ 84,999
Non-major Governmental Funds	101,557
Total All Governmental Funds	$ 186,556

NOTE 16 – INTERFUND ACTIVITY

The following is a summary of the School District's transfers in and out for all funds for fiscal year 2024:

Fund	Transfer In	Transfer Out
General Fund	$ -	$ 1,213,126
Permanent Improvement Fund	952,126	-
Other Governmental Funds	262,619	1,619
Total All Funds	$ 1,214,745	$ 1,214,745

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.