



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Teays Valley Local School District
385 Viking Way
Ashville, OH 43103

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

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 27, 2024

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Teays Valley Local School District
Pickaway County
For the Year Ended June 30, 2023
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Pickaway County
For the Year Ended June 30, 2023
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INDEPENDENT AUDITOR'S REPORT

Teays Valley Local School District
Pickaway County
385 Viking Way
Ashville, Ohio 43103

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

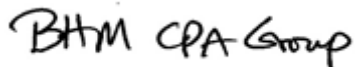
Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
December 26, 2023

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**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The management discussion and analysis of the Teays Valley Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities decreased \$19,639 which represents a 0.04% decrease from June 30, 2022's net position.
- General revenues accounted for \$52,796,605 in revenue or 83.50% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$10,773,853 or 16.95% for total revenues of \$63,570,458.
- The District had \$63,590,097 in expenses related to governmental activities; \$10,773,853 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$52,796,605 were adequate to provide for these programs.
- The District has three major funds which include the general fund, debt service fund, and permanent improvement fund. The general fund had \$51,875,445 in revenues and other financing sources and \$50,438,375 in expenditures and other financing uses. The general fund's fund balance increased \$1,437,070 from \$30,823,186 to \$32,362,956.
- The debt service fund had \$2,315,336 in revenues and \$2,858,447 in expenditures. The debt service fund's fund balance decreased \$543,111 from \$5,278,309 to \$4,735,198.
- The permanent improvement fund had \$3,398,364 in revenues and other financing sources and \$1,832,211 in expenditures. The permanent improvement fund's fund balance increased \$1,566,153 from \$2,994,594 to 4,560,747.
- The District has \$66,782,820 in capital assets at June 30, 2023. This amount is net of accumulated depreciation/amortization in the amount of \$82,406,269. Fiscal year 2023 depreciation/amortization expense was \$5,044,737. Net investment in capital assets was \$46,815,650 at June 30, 2023.
- The District has \$75,958,294 in long-term liabilities outstanding at June 30, 2023. Of this total, \$2,621,227 is due within one year and \$73,337,067, is due in greater than one year.

Using these Basic Financial Statements

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District has three major funds: the general fund, the debt service fund, and the permanent improvement fund.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the District as a whole, whether the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 23-24 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, the debt service fund, and the permanent improvement fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 25-29 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-75 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 78-98 of this report.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at June 30, 2023 and 2022.

	Net Position		
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>	Percentage <u>Change</u>
<u>Assets</u>			
Current and other assets	\$ 71,405,194	\$ 63,637,888	12.21 %
Net OPEB asset	4,675,738	3,782,191	23.63 %
Capital assets, net	<u>66,782,820</u>	<u>70,955,215</u>	(5.88) %
Total assets	<u>142,863,752</u>	<u>138,375,294</u>	3.24 %
<u>Deferred Outflows of Resources</u>			
Unamortized deferred charges on debt refunding	522,409	578,769	(9.74) %
Pension	13,400,744	14,104,154	(4.99) %
OPEB	<u>1,347,032</u>	<u>1,670,208</u>	(19.35) %
Total deferred outflows of resources	<u>15,270,185</u>	<u>16,353,131</u>	(6.62) %
<u>Liabilities</u>			
Current liabilities	6,416,576	5,764,409	11.31 %
Long-term liabilities:			
Due within one year	2,621,227	2,608,165	0.50 %
Due in more than one year:			
Net pension liability	49,569,542	29,463,697	68.24 %
Net OPEB liability	2,499,688	3,442,062	(27.38) %
Other amounts	<u>21,267,837</u>	<u>23,488,087</u>	(9.45) %
Total liabilities	<u>82,374,870</u>	<u>64,766,420</u>	27.19 %
<u>Deferred Inflows of Resources</u>			
Property taxes levied for next fiscal year and leases	18,595,328	14,571,299	27.62 %
Payment in lieu of taxes levied for the next fiscal year	1,663,671	832,064	99.95 %
Pension	4,253,857	23,441,451	(81.85) %
OPEB	<u>6,775,122</u>	<u>6,258,129</u>	8.26 %
Total deferred inflows of resources	<u>31,287,978</u>	<u>45,102,943</u>	(30.63) %
<u>Net Position</u>			
Net investment in capital assets	46,815,650	48,655,732	(3.78) %
Restricted	12,377,906	6,877,364	79.98 %
Unrestricted	<u>(14,722,467)</u>	<u>(11,042,368)</u>	33.33 %
Total net position	<u>\$ 44,471,089</u>	<u>\$ 44,490,728</u>	(0.04) %

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023 and June 30, 2022, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$44,471,089 and \$44,490,728, respectively. Net position decreased \$19,639 from June 30, 2022.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Assets of the District increased \$4,488,458 or 3.24%. Current and other assets increased \$7,767,306 or 12.21%. This increase is due mainly to an increase in equity in pooled cash and cash equivalents. Equity in pooled cash and cash equivalents increased primarily due to increases in general fund and bond retirement revenues. Capital assets decreased \$4,172,395 or 5.88% which is primarily a result of current year depreciation/amortization of \$5,044,737.

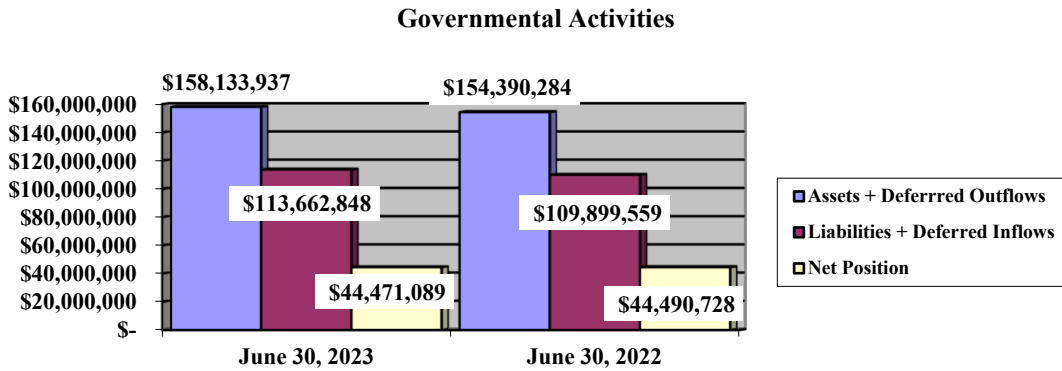
At year-end, capital assets represented 46.75% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. Net investment in capital assets at June 30, 2023 and June 30, 2022, were \$46,815,650 and \$48,655,732, respectively. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail. STRS did not report a net pension asset in the prior year.

Total liabilities increased \$17,608,374 or 27.19%. The net pension liability increased \$20,105,845 or 68.24% and deferred inflows of resources related to pension decreased \$19,187,594 or 81.85%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2022 measurement that are used for the fiscal year 2023 reporting which cause a large increase in fiduciary net position.

A portion of the District’s net position, \$12,377,906 represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$4,712,506 is restricted for debt service. The remaining balance of unrestricted net position is (\$14,722,467).

The graph below shows the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and June 30, 2022.



**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The table below shows the change in net position for fiscal years 2023 and 2022.

Change in Net Position

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 2,299,017	\$ 1,381,509	66.41
Operating grants and contributions	8,281,994	8,224,830	0.70
Capital grants and contributions	192,842	113,713	69.59
General revenues:			
Property taxes	15,869,851	21,075,930	(24.70)
Income taxes	11,402,743	10,323,024	10.46
Payment in lieu of taxes	1,186,645	849,299	39.72
Grants and entitlements not restricted	21,877,167	21,339,943	2.52
Investment earnings	2,063,170	(729,319)	(382.89)
Other	<u>397,029</u>	<u>693,104</u>	(42.72)
Total revenues	<u>63,570,458</u>	<u>63,272,033</u>	0.47

(Continued)

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>	<u>Percentage Change</u>
<u>Expenses</u>			
Program expenses:			
Instruction:			
Regular	\$ 25,787,964	\$ 23,382,474	10.29
Special	9,065,688	6,818,874	32.95
Vocational	292,583	326,794	(10.47)
Other	2,871,167	3,356,562	(14.46)
Support services:			
Pupil	2,910,580	2,190,514	32.87
Instructional staff	1,309,884	1,089,422	20.24
Board of education	290,821	245,992	18.22
Administration	3,924,747	3,208,382	22.33
Fiscal	1,327,458	1,187,302	11.80
Business	246,950	339,820	(27.33)
Operations and maintenance	5,421,598	4,548,422	19.20
Pupil transportation	3,455,664	3,409,797	1.35
Central	1,994,524	668,097	198.54
Operations of non-instructional services			
Food service operations	2,304,267	2,104,454	9.49
Other non-instructional services	95,644	43,711	118.81
Extracurricular activities	1,638,234	1,656,042	(1.08)
Interest and fiscal charges	<u>652,864</u>	<u>739,582</u>	(11.73)
Total expenses	<u>63,590,637</u>	<u>55,316,241</u>	14.96
Change in net position	(19,639)	7,955,792	(100.25)
Net position, beginning of year	<u>44,490,728</u>	<u>36,534,936</u>	21.78
Net position, end of year	<u>\$ 44,471,089</u>	<u>\$ 44,490,728</u>	(0.04)

Governmental Activities

Net position of the District's governmental activities decreased \$19,639 in fiscal year 2023 and increased \$7,955,792 in fiscal year 2022. The overall decrease in net position in fiscal year 2023 can be attributed to decreases in revenues and increases in expenses. Overall, expenses of the governmental activities increased \$8,276,764 or 14.96%. This increase is primarily the result of a decrease in pension expense. Pension expense increased by \$5,152,251. This increase was the result of a increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

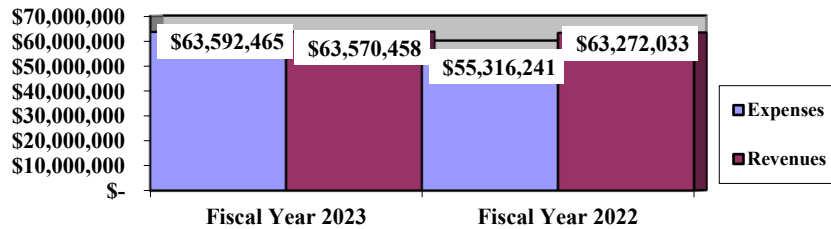
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources account for 79.18% of total governmental revenue. Real estate property is reappraised every six years. Property tax revenue decreased and income tax revenue increased \$5,206,079 or 24.7% and \$1,079,719 or 10.46%, respectively. The decrease in property tax revenues can be attributed to a decrease in advances available.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2023 and 2022.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
Program expenses				
Instruction:				
Regular	\$ 25,787,964	\$ 24,558,872	\$ 23,382,474	\$ 22,123,344
Special	9,065,688	5,158,353	6,818,874	3,664,473
Vocational	292,583	8,709	326,794	54,095
Other	2,871,167	2,860,594	3,356,562	3,235,643
Support services:				
Pupil	2,910,580	1,701,348	2,190,514	1,103,166
Instructional staff	1,309,884	812,729	1,089,422	596,901
Board of education	290,281	290,281	245,992	245,992
Administration	3,924,747	3,920,885	3,208,382	3,119,480
Fiscal	1,327,458	1,318,762	1,187,302	1,164,653
Business	246,950	246,950	339,820	339,820
Operations and maintenance	5,421,598	4,869,738	4,548,422	4,083,285
Pupil transportation	3,455,664	3,259,275	3,409,797	3,198,681
Central	1,994,524	1,981,924	668,097	644,365
Operations of non-instructional services:				
Food service operations	2,304,267	222,916	2,104,454	(343,029)
Other non-instructional services	95,644	94,635	43,711	41,806
Extracurricular activities	1,640,602	859,777	1,656,042	851,195
Interest and fiscal charges	652,864	652,864	739,582	739,582
Total	<u>\$ 63,592,465</u>	<u>\$ 52,818,612</u>	<u>\$ 55,316,241</u>	<u>\$ 44,863,452</u>

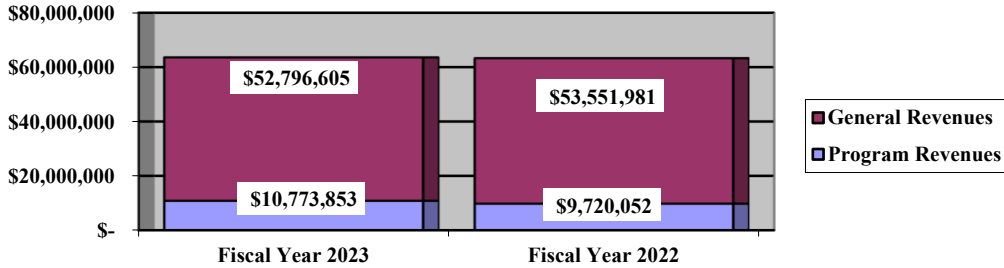
The dependence upon tax and other general revenues for governmental activities is apparent; 85.71% of instruction activities were supported through taxes and other general revenues during fiscal year 2023. For all governmental activities, general revenue support was 83.06% in fiscal year 2023. The District's taxpayers and grants and entitlements are by far the primary support for District students.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The graph below presents the District’s governmental activities revenues for fiscal years 2023 and 2022.

Governmental Activities - General and Program Revenues



The District’s Funds

The District’s governmental funds reported a combined fund balance of \$43,079,335, which is higher than last year’s total of \$40,690,865. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance <u>June 30, 2023</u>	Fund Balance <u>June 30, 2022</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 32,362,956	\$ 30,823,186	\$ 1,539,770	5.00 %
Debt Service	4,735,198	5,278,309	(543,111)	(10.29) %
Permanent Improvement	4,560,747	2,994,594	1,566,153	52.30 %
Other Governmental	<u>1,420,434</u>	<u>1,594,776</u>	<u>(174,342)</u>	<u>(10.93) %</u>
Total	<u>\$ 43,079,335</u>	<u>\$ 40,690,865</u>	<u>\$ 2,388,470</u>	5.87 %

General Fund

During fiscal year 2023, the District’s general fund balance increased by \$1,539,770. The District has maintained a judicious approach to spending which has helped the District achieve modest reserves. These reserves become critical as continued growth within the District is expected. Property tax revenues decreased by \$5,206,079. The decrease in property tax revenues can be attributed to a decrease in advances available. Income tax revenues increased as a result of an increase in income tax collection.

Expenditures of the general fund increased \$3,652,552 or 7.93%. The most significant increase was in the area of instruction and support services. This increase was the result of increase in salaries and benefits paid to employees.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 22,868,975	\$ 25,695,975	\$ (2,827,000)	(11.00) %
Tuition	604,431	576,022	28,409	4.93 %
Earnings on investments	2,064,454	(760,324)	2,824,778	(371.52) %
Intergovernmental	25,786,983	23,737,563	2,049,420	8.63 %
Other revenues	<u>539,184</u>	<u>1,628,101</u>	<u>(1,088,917)</u>	<u>(66.88) %</u>
Total	<u>\$ 51,864,027</u>	<u>\$ 50,877,337</u>	<u>\$ 986,690</u>	<u>1.94 %</u>
<u>Expenditures</u>				
Instruction	\$ 31,364,588	\$ 29,859,565	\$ 1,505,023	5.04 %
Support services	17,293,622	15,273,915	2,019,707	13.22 %
Operation of non-instructional services	16,302	15,016	1,286	8.56 %
Extracurricular activities	882,050	754,721	127,329	16.87 %
Capital outlay	3,170	-	3,170	- %
Debt service	<u>153,092</u>	<u>157,053</u>	<u>(3,961)</u>	<u>(2.52) %</u>
Total	<u>\$ 49,712,824</u>	<u>\$ 46,060,270</u>	<u>\$ 3,652,554</u>	<u>7.93 %</u>

Debt Service Fund

During fiscal year 2023, the debt service fund had revenues of \$2,315,336 and expenditures of \$2,858,447. During fiscal year 2023, the debt service fund balance decreased \$543,111. The decrease in fund balance is the result of scheduled principal and interest payments on general obligation bonds exceeding revenues.

Permanent Improvement Fund

During fiscal year 2023, the permanent improvement fund had revenues of \$3,398,364 and expenditures of \$1,832,211. During fiscal year 2023, the permanent improvement fund balance increased \$1,566,153. This increase in fund balance is the result of increasing revenues and decreasing expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources of \$51,648,699 were \$1,818,409 higher than the original budgeted revenues and other financing sources estimate of \$49,830,290. Actual revenues and other financing sources were \$51,648,696.

General fund original appropriations (appropriated expenditures plus other financing uses) were \$75,902,133. Final appropriations and other financing uses were \$50,993,941 which was \$24,908,192 lower than original appropriations. Actual expenditures and other financing uses was \$50,993,941.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had \$66,782,820 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows June 30, 2023 balances compared to June 30, 2022.

	Capital Assets at June 30 (Net of Depreciation/Amortization)	
	<u>Governmental Activities</u>	
	<u>2023</u>	<u>2022</u>
Land	\$ 3,121,906	\$ 3,121,906
Construction in progress	-	4,967,647
Land improvements	4,137,458	4,645,715
Buildings and improvements	54,524,898	52,904,152
Furniture and equipment	2,772,023	3,180,035
Vehicles	1,712,606	1,702,330
Infrastructure	154,530	169,641
Intangible right to use assets	<u>359,399</u>	<u>263,789</u>
Total	<u>\$ 66,782,820</u>	<u>\$ 70,955,215</u>

Capital assets decreased \$4,172,395. This is due to additions of \$872,741, depreciation and amortization of \$5,044,737 and disposals, net of accumulated depreciation/amortization of \$399.

See Note 9 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2023, the District had \$19,027,112 in general obligation bonds and leases outstanding. The general obligation bond issues are comprised of current issue bonds. Of this total, \$2,274,742 is due within one year and \$16,752,370 is due in greater than one year.

The following table summarizes the bonds and leases outstanding.

	Outstanding Debt, at Year End	
	Governmental Activities	Governmental Activities
	<u>2023</u>	<u>2022</u>
Series 2015 refunding bonds	\$ 7,340,000	\$ 8,640,000
Series 2016A refunding bonds	6,165,000	6,580,000
Series 2016B refunding bonds	5,375,000	5,720,000
Leases payable	<u>147,112</u>	<u>275,598</u>
Total	<u>\$ 19,027,112</u>	<u>\$ 21,215,598</u>

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

During fiscal year 2006, the District refunded a portion of the 2000 series general obligation bonds on July 28, 2006. The annual interest rate ranging from 3.00 – 5.00% and the bonds are scheduled to mature in fiscal year 2028.

On March 22, 2007 and April 24, 2007, the District issued Series 2007 A and Series 2007 B general obligation bonds for a classroom facilities project. The annual interest rates ranging from 4.00 to 4.30% and the bonds are scheduled to mature in fiscal year 2035.

During fiscal year 2016, the District issued Series 2015, 2016A and 2016B to refund the District's previous general obligation bond debt. The new refunding bonds carry interest rates ranging from 2.00 – 4.00% and mature in fiscal year 2035.

The District's most recent bond issue maintained a Moody's Investors Service rating of Aa2.

See Note 10 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The worldwide COVID-19 viral outbreak brought about significant change and of course impacted District operations in FY2020. In March 2020, the State of Ohio ordered school building closures in response to the pandemic. Quickly thereafter the District began providing virtual educational opportunities to close-out the academic year. Economic conditions nationwide deteriorated rapidly due to wide-spread closures which created funding shortfalls and ultimately resulted in state funding cuts and reductions to local income tax collections. Despite the unexpected shortfalls, the District still maintained healthy operational reserves to end FY2020.

Because of the healthy reserves, the District was not forced to make reactionary adjustments to its long-term planning and instead opted to delay drastic measures until there was better clarity regarding the severity of the economic fallout of the pandemic. The District began the new school year (FY21) on a hybrid educational model and offered mixed learning opportunities to school aged children (both in-person and virtual). The District was able to resume full-time in-person instruction during the course of the year. The District began receiving additional Federal Funds from Elementary and Secondary School Emergency Relief Funds and CARES Act funds to mitigate declines in revenues. During FY22 the District was able to stay in a fully in-person learning environment. Student lunches remained free for all students during the 2022-22 school year. Beginning in the 2023-23 school year, the USDA ended the free for all lunch program, reverting to a pre-pandemic methodology. The FY2024 and FY2025 biennium budget was passed for further phasing in the Fair School Funding Plan and updating base cost inputs in the formula.

While the District's current financial outlook is stable, the Board and District leadership team understand finances must be continually monitored. Maintaining financial sustainability is a continual process with the goal of providing the best possible education for the District's children.

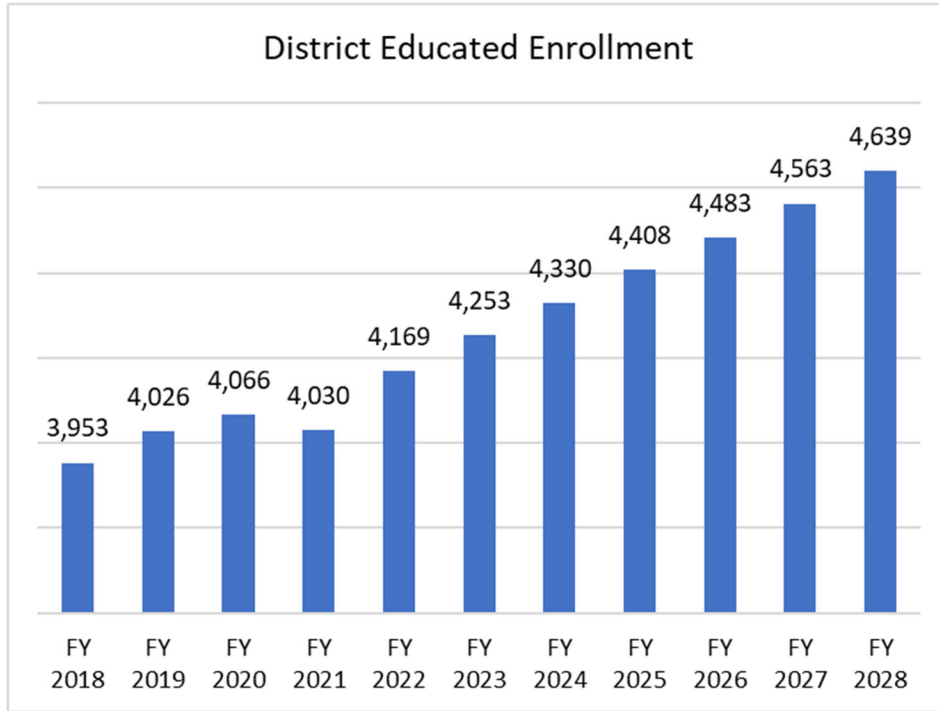
Future assumptions are subject to change based upon new information becoming available. Some of the primary factors currently influencing the financial outlook of the District are recapped below:

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Enrollment:

District enrollment saw a slight increase in FY 2023. Birth rate data combined with grade-level retention trends indicate the District can expect enrollment to continue to grow at a moderate pace through fiscal year 2028. Enrollment growth impacts both sides of the District's finances (revenue and expenditures).



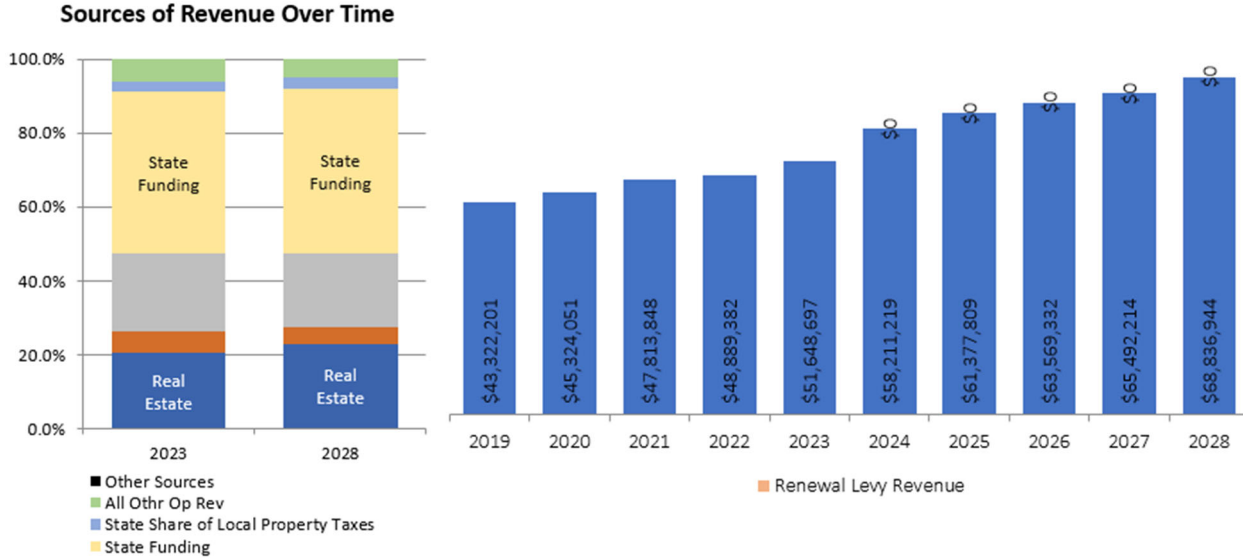
**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Overall Revenue:

The District receives revenue from a healthy mix of state and local funding sources. While state funding is responsible for about half of the District’s overall revenue, local funding sources like real estate, tangible taxes and school income taxes supply most of the remainder. A mixture of revenue sources is a positive for the district in the event any one component becomes stagnate.

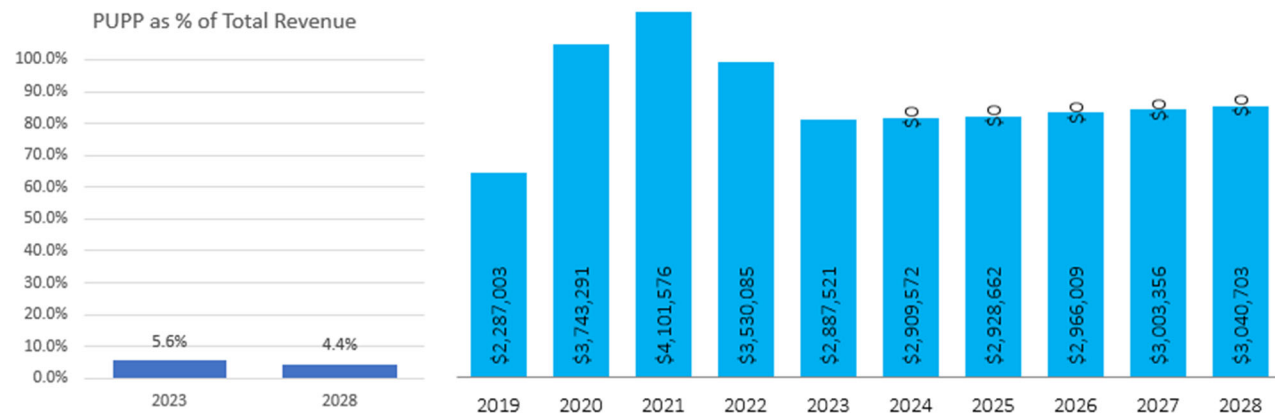
The graphic below recaps the District’s revenue sources for fiscal year 2023 and what it is expected to be in fiscal year 2027.



The 2023-23 biennium budget saw the implementation of the “Fair School Funding Plan”. This plan creates a base cost of education and funds students where they are being educated. The 2024-2025 biennium budget saw legislatures further support the plan and update base cot inputs. The District’s operational revenue is expected to increase 5.97% from the fiscal year 2024 through fiscal year 2028.

Public Utility Personal Tangible Taxes:

Public Utility (PUPP) tax revenue grew significantly in 2019 and 2020 due to a new compressor station added to the REX pipeline in 2018. The new station added over \$100 million in PUPP taxable value. While the District’s local General Fund PUPP tax collections have improved dramatically, state funding is expected to suffer. In addition, Rockies Express Pipeline appealed its valuation. This appeal had caused the collection rate on PUPP to drop to 72.5%. It is unknown when this appeal will be settled.

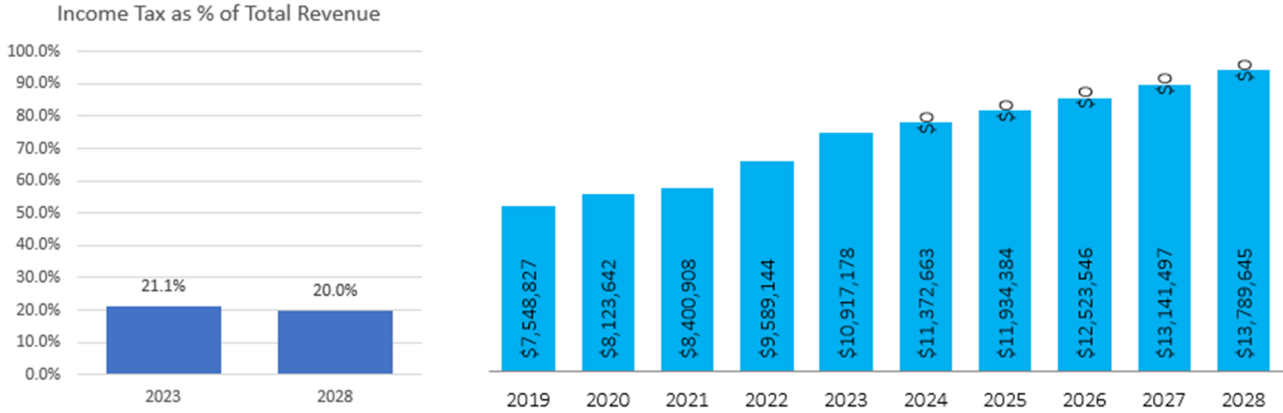


Income Tax Revenue:

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

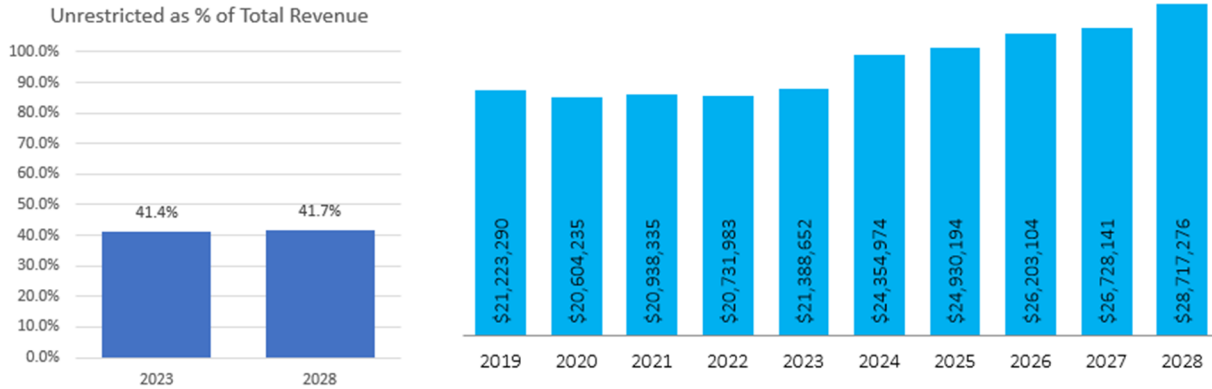
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The Board passed a 1.5% replacement income tax issue in March 2012. The issue replaced a continuing 0.75% traditional income tax levy. The replacement issue supplies significant additional revenue to support educational programming within the District. Recent legislation that eliminated a small business tax deduction loophole for earned income tax districts. This legislative change will impact FY2020 and beyond.



State Budget:

Beginning in FY2023 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The Base Cost is currently calculated for two years using a statewide average from historical actual data.

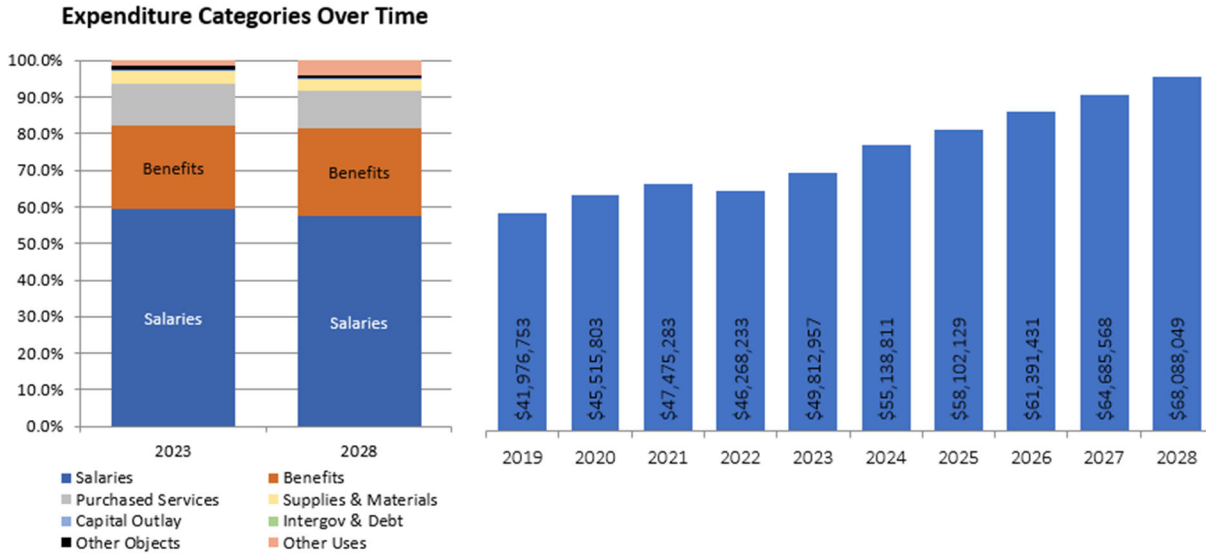


**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

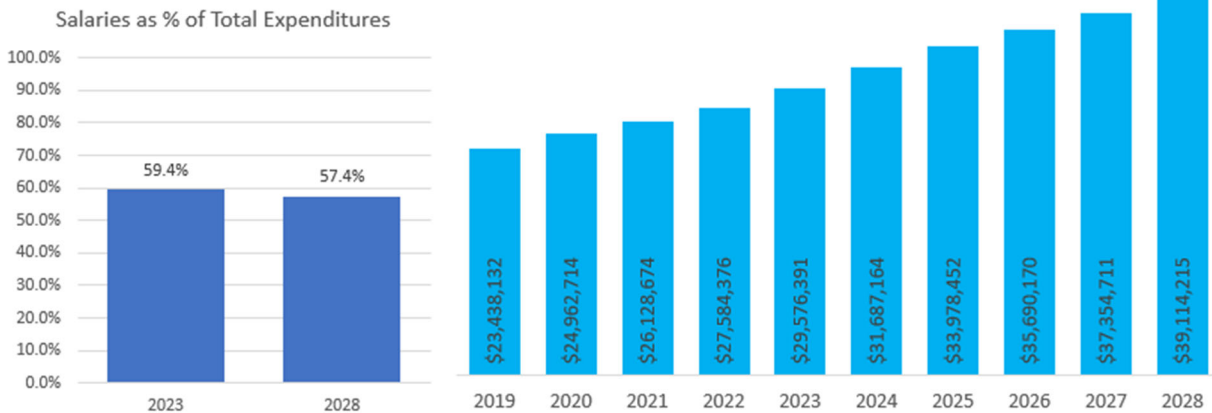
Overall Expenses:

Spending is expected to be maintained within sustainable levels. The graphic below recaps where the District expects allocates its spending.



Staffing & Collective Bargaining:

During the Summer of 2023, the District and staff reached agreement on a contract to cover FY2023 – FY2025. Elements of the agreement included a continuation of the District’s current health insurance program which enabled affordable base wage increases for employees (3%, 3%, and 2.5% respectively for each year covered by the new agreement). Since FY2014, the District has strategically added additional teaching staff and support personnel to accommodate growing enrollment, to replace positions lost during the economic crisis (2009 – 2013), and to simply improve the instruction and overall educational program offered students.

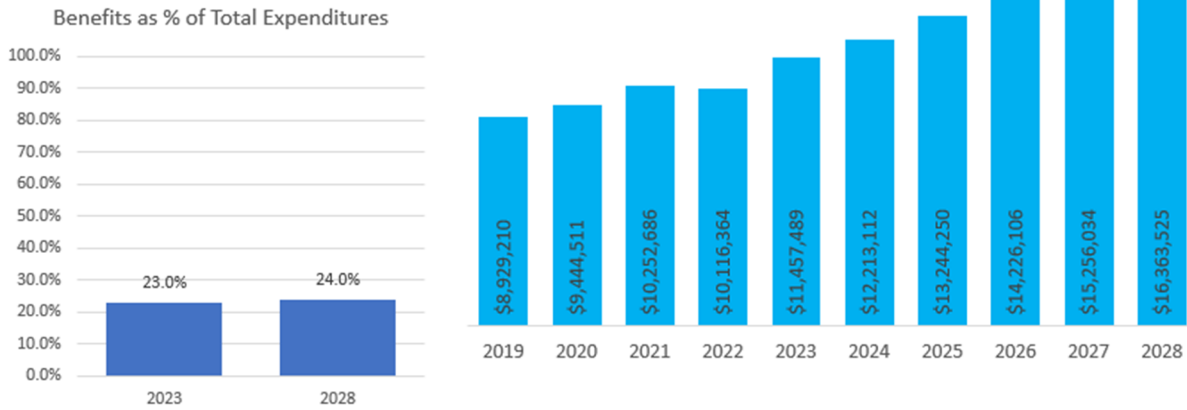


**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Health Insurance:

Since switching to a high deductible health insurance plan in 2014, the District has enjoyed stable insurance premiums and maintained healthy reserves. Beginning in FY2018 through FY2022, premiums returned to more typical industry-trend levels and FY2019 spending was impacted as a result of HSA Board contributions returned to the General Fund after two years of being funded from accumulated insurance reserves. FY2023 health premiums decreased caused by the effects of COVID and many medical services being delayed or postponed. The forecast assumes future premiums will increase at industry-wide trends, but the District’s insurance consortium continues to look for new opportunities to promote health and wellness and provide incentives to help mitigate those trend increases.



Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Trey Fausnaugh, Treasurer, Teays Valley Local School District, 385 Circleville Avenue, Ashville, OH 43103-9417.

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**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2023

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	\$	43,867,966
Receivables:		
Property taxes		20,242,955
Income taxes		4,158,365
Payment in lieu of taxes		1,663,671
Accrued interest		142,926
Leases		7,681
Intergovernmental		640,157
Pledged donations		406,835
Prepayments		60,032
Materials and supplies inventory		184,048
Inventory held for resale		30,558
Net OPEB asset		4,675,738
Capital assets:		
Nondepreciable capital assets		3,121,906
Depreciable capital assets, net		63,660,914
Capital assets, net		<u>66,782,820</u>
Total assets		<u>142,863,752</u>
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding		522,409
Pension		13,400,744
OPEB		1,347,032
Total deferred outflows of resources		<u>15,270,185</u>
Liabilities:		
Accounts payable		121,804
Contracts payable		15,275
Accrued wages and benefits payable		4,840,488
Intergovernmental payable		519,765
Pension and post employment benefits payable		859,004
Accrued interest payable		60,240
Long-term liabilities:		
Due within one year		2,621,227
Due in more than one year:		
Net pension liability		49,569,542
Net OPEB liability		2,499,688
Other amounts due in more than one year		<u>21,267,837</u>
Total liabilities		<u>82,374,870</u>
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		18,586,492
Payment in lieu of taxes levied for the next fiscal year		1,663,671
Leases		8,836
Pension		4,253,857
OPEB		6,775,122
Total deferred inflows of resources		<u>31,287,978</u>
Net position:		
Net investment in capital assets		46,815,650
Restricted for:		
Capital projects		4,926,147
OPEB		1,124,313
Classroom facilities maintenance		200,057
Debt service		4,712,506
Federally funded programs		154,446
Food service operations		442,844
Extracurricular programs		504,022
Other purposes		313,571
Unrestricted (deficit)		<u>(14,722,467)</u>
Total net position	\$	<u>44,471,089</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 25,787,964	\$ 536,799	\$ 692,293	\$ -	\$ (24,558,872)
Special	9,065,688	113,575	3,793,760	-	(5,158,353)
Vocational	292,583		283,874	-	(8,709)
Other	2,871,167		10,573	-	(2,860,594)
Support services:					
Pupil	2,910,580	6,423	1,202,809	-	(1,701,348)
Instructional staff	1,309,884	14,285	482,870	-	(812,729)
Board of education	290,281			-	(290,281)
Administration	3,924,747		3,862	-	(3,920,885)
Fiscal	1,327,458		8,696	-	(1,318,762)
Business	246,950			-	(246,950)
Operations and maintenance	5,421,598	232,095	144,648	175,117	(4,869,738)
Pupil transportation	3,455,664		196,389	-	(3,259,275)
Central	1,994,524		12,600	-	(1,981,924)
Operation of non-instructional services:					
Food service operations	2,304,267	912,584	1,168,767	-	(222,916)
Other non-instructional services	95,644		1,009	-	(94,635)
Extracurricular activities	1,638,234	483,256	104,727	192,842	(857,409)
Interest and fiscal charges	652,864			-	(652,864)
Total governmental activities	<u>63,590,097</u>	<u>2,299,017</u>	<u>8,106,877</u>	<u>367,959</u>	<u>(52,816,244)</u>
Totals	<u>\$ 63,590,097</u>	<u>\$ 2,299,017</u>	<u>\$ 8,106,877</u>	<u>\$ 367,959</u>	<u>(52,816,244)</u>
General revenues:					
Property taxes levied for:					
General purposes					11,678,453
Debt service					2,065,844
Capital outlay					2,125,554
Payments in lieu of taxes					1,186,645
Income taxes levied for:					
General purposes					11,234,388
Classroom facilities maintenance					168,355
Grants and entitlements not restricted to specific programs					21,877,167
Investment earnings					2,063,170
Miscellaneous					397,029
Total general revenues					<u>52,796,605</u>
Change in net position					(19,639)
Net position at beginning of year					<u>44,490,728</u>
Net position at end of year					<u>\$ 44,471,089</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 33,130,217	\$ 4,557,069	\$ 4,435,075	\$ 1,745,605	\$ 43,867,966
Receivables:					
Property taxes	14,929,483	2,715,894	2,597,578	-	20,242,955
Income taxes	4,158,365	-	-	-	4,158,365
Payment in lieu of taxes	1,663,671	-	-	-	1,663,671
Accrued interest	142,926	-	-	-	142,926
Intergovernmental	350,685	-	-	289,472	640,157
Pledged donations	-	-	406,835	-	406,835
Prepayments	60,032	-	-	-	60,032
Materials and supplies inventory	168,539	-	-	15,509	184,048
Inventory held for resale	-	-	-	30,558	30,558
Due from other funds	60,180	-	-	-	60,180
Restricted assets:					
Equity in pooled cash and cash equivalents	7,681	-	-	-	7,681
Total assets	\$ 54,671,779	\$ 7,272,963	\$ 7,439,488	\$ 2,081,144	\$ 71,465,374
Liabilities:					
Accounts payable	\$ 112,768	\$ -	\$ -	\$ 9,036	\$ 121,804
Contracts payable	-	-	15,275	-	15,275
Accrued wages and benefits payable	4,515,391	-	24,424	300,673	4,840,488
Intergovernmental payable	515,929	-	30	3,806	519,765
Pension and postemployment benefits payable	785,139	-	16,142	57,723	859,004
Due to other funds	-	-	-	60,180	60,180
Total liabilities	5,929,227	-	55,871	431,418	6,416,516
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	13,713,399	2,497,417	2,375,676	-	18,586,492
Payment in lieu of taxes levied for the next fiscal year	1,663,671	-	-	-	1,663,671
Delinquent property tax revenue not available	223,363	40,348	40,359	-	304,070
Income tax revenue not available	728,881	-	-	-	728,881
Leases	8,836	-	-	-	8,836
Intergovernmental revenue not available	-	-	-	229,292	229,292
Accrued interest not available	41,446	-	-	-	41,446
Miscellaneous revenue not available	-	-	406,835	-	406,835
Total deferred inflows of resources	16,379,596	2,537,765	2,822,870	229,292	21,969,523
Fund balances:					
Nonspendable:					
Materials and supplies inventory	168,539	-	-	15,509	184,048
Prepays	60,032	-	-	-	60,032
Unclaimed monies	2,071	-	-	-	2,071
Scholarships	-	-	-	15,000	15,000
Restricted:					
Debt service	-	4,735,198	-	-	4,735,198
Classroom facilities maintenance	-	-	-	200,057	200,057
Food service operations	-	-	-	464,192	464,192
Federally funded programs	-	-	-	154,446	154,446
Extracurricular programs	-	-	-	504,022	504,022
Other purposes	-	-	-	296,500	296,500
Committed:					
Capital projects	-	-	4,560,747	-	4,560,747
Underground storage tank	11,000	-	-	-	11,000
Assigned:					
Student instruction	180,680	-	-	-	180,680
Student and staff support	1,000,239	-	-	-	1,000,239
Extracurricular programs	10,735	-	-	-	10,735
Facilities acquisition and construction	24,950	-	-	-	24,950
Subsequent year's appropriations	26,511,165	-	-	-	26,511,165
Unassigned (deficit)	4,393,545	-	-	(229,292)	4,164,253
Total fund balances	32,362,956	4,735,198	4,560,747	1,420,434	43,079,335
Total liabilities, deferred inflows and fund balances	\$ 54,671,779	\$ 7,272,963	\$ 7,439,488	\$ 2,081,144	\$ 71,465,374

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		\$	43,079,335
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			66,782,820
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds			
Property taxes receivable	\$	304,070	
Income taxes receivable		728,881	
Accounts receivable		406,835	
Accrued interest receivable		41,446	
Intergovernmental receivable		229,292	
Total		1,710,524	1,710,524
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			(1,462,467)
Unamortized amounts on refundings are not recognized in the funds.			522,409
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds			(60,240)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds			
Deferred outflows - pension		13,400,744	
Deferred inflows - pension		(4,253,857)	
Net pension liability		(49,569,542)	
Deferred outflows - OPEB		1,347,032	
Deferred inflows - OPEB		(6,775,122)	
Net OPEB asset		4,675,738	
Net OPEB liability		(2,499,688)	
Total		(43,674,695)	(43,674,695)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(18,880,000)	
Leases payable		(147,112)	
Compensated absences		(3,399,485)	
Total		(22,426,597)	(22,426,597)
Net position of governmental activities		\$	44,471,089

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Property taxes	\$ 11,648,053	\$ 2,064,270	\$ 2,120,598	\$ -	\$ 15,832,921
Income taxes	11,220,922	-	-	168,355	11,389,277
Intergovernmental	24,600,338	251,066	258,040	4,634,571	29,744,015
Investment earnings	2,064,454	-	-	40,524	2,104,978
Tuition and fees	604,431	-	-	-	604,431
Extracurricular	125,429	-	200,000	406,530	731,959
Rental income	16,726	-	-	17,709	34,435
Charges for services	-	-	-	928,192	928,192
Contributions and donations	42,761	-	94,175	178,457	315,393
Payment in lieu of taxes	1,186,645	-	-	-	1,186,645
Miscellaneous	354,268	-	-	21,312	375,580
Total revenues	<u>51,864,027</u>	<u>2,315,336</u>	<u>2,672,813</u>	<u>6,395,650</u>	<u>63,247,826</u>
Expenditures:					
Current:					
Instruction:					
Regular	21,079,291	-	279,260	690,864	22,049,415
Special	7,189,510	-	10,182	1,680,754	8,880,446
Vocational	262,922	-	-	6,091	269,013
Other	2,832,865	-	-	7,680	2,840,545
Support services:					
Pupil	2,296,871	-	6,203	517,822	2,820,896
Instructional staff	750,699	-	-	484,763	1,235,462
Board of education	288,627	-	-	-	288,627
Administration	3,738,893	-	-	3,862	3,742,755
Fiscal	1,223,918	40,834	41,967	3,621	1,310,340
Business	10,665	-	-	-	10,665
Operations and maintenance	3,941,338	-	872,345	334,777	5,148,460
Pupil transportation	3,159,899	-	438,951	1,088	3,599,938
Central	1,882,712	-	65,937	12,600	1,961,249
Operation of non-instructional services:					
Food service operations	-	-	-	2,226,885	2,226,885
Other non-instructional services	16,302	-	78,026	1,009	95,337
Extracurricular activities	882,050	-	32,226	587,302	1,501,578
Facilities acquisition and construction	3,170	-	7,114	9,061	19,345
Debt service:					
Principal retirement	128,486	2,060,000	-	-	2,188,486
Interest and fiscal charges	24,606	757,613	-	-	782,219
Total expenditures	<u>49,712,824</u>	<u>2,858,447</u>	<u>1,832,211</u>	<u>6,568,179</u>	<u>60,971,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,151,203</u>	<u>(543,111)</u>	<u>840,602</u>	<u>(172,529)</u>	<u>2,276,165</u>
Other financing sources (uses):					
Sale of capital assets	11,418	-	-	-	11,418
Transfers in	-	-	725,551	-	725,551
Transfers (out)	(725,551)	-	-	-	(725,551)
Total other financing sources (uses)	<u>(714,133)</u>	<u>-</u>	<u>725,551</u>	<u>-</u>	<u>11,418</u>
Net change in fund balances	1,437,070	(543,111)	1,566,153	(172,529)	2,287,583
Fund balances at beginning of year	30,823,186	5,278,309	2,994,594	1,594,776	40,690,865
Change in reserve for inventory	102,700	-	-	(1,813)	100,887
Fund balances at end of year	<u>\$ 32,362,956</u>	<u>\$ 4,735,198</u>	<u>\$ 4,560,747</u>	<u>\$ 1,420,434</u>	<u>\$ 43,079,335</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$	2,287,583
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 872,741	
Current year depreciation/amortization	(5,044,737)	
Total		(4,171,996)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(399)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		100,887
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	36,930	
Income taxes	13,466	
Accrued interest	(1,284)	
Contributions and donations	98,667	
Intergovernmental	174,853	
Total		322,632
Repayment of bond principal and leases payable is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		2,188,486
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	5,629	
Amortization of bond premiums	180,086	
Amortization of deferred charges	(56,360)	
Total		129,355
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,638,994	
OPEB	133,836	
Total		4,772,830
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,260,655)	
OPEB	861,916	
Total		(5,398,739)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(250,278)
Change in net position of governmental activities	\$	(19,639)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 13,247,616	\$ 13,634,511	\$ 13,634,511	\$ -
Income taxes	9,687,218	10,917,178	10,917,178	-
Intergovernmental	24,371,192	24,222,141	24,222,141	-
Investment earnings	251,060	927,657	927,657	-
Tuition and fees	1,028,560	594,169	594,169	-
Rental income	383	17,799	17,799	-
Payment in lieu of taxes	1,214,480	1,186,645	1,186,645	-
Miscellaneous	19,066	101,829	101,829	-
Total revenues	<u>49,819,575</u>	<u>51,601,929</u>	<u>51,601,929</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	33,727,811	21,097,095	21,097,095	-
Special	10,922,926	7,225,192	7,225,192	-
Vocational	416,173	257,038	257,038	-
Other	4,637,433	2,855,625	2,855,625	-
Support services:				
Pupil	3,964,234	2,279,921	2,279,921	-
Instructional staff	1,147,173	759,712	759,712	-
Board of education	334,738	320,103	320,103	-
Administration	5,745,635	3,698,119	3,698,119	-
Fiscal	2,377,864	1,261,165	1,261,165	-
Business	316,061	162,249	162,249	-
Operations and maintenance	5,786,557	4,543,513	4,543,513	-
Pupil transportation	4,099,500	3,230,723	3,230,723	-
Central	1,145,959	1,715,586	1,715,586	-
Operation of non-instructional services				
Other non-instructional services	14,688	16,302	16,302	-
Extracurricular activities	1,265,381	817,927	817,927	-
Facilities acquisition and construction	-	28,120	28,120	-
Total expenditures	<u>75,902,133</u>	<u>50,268,390</u>	<u>50,268,390</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,082,558)</u>	<u>1,333,539</u>	<u>1,333,539</u>	<u>-</u>
Other financing sources (uses):				
Refund of prior year's expenditures	10,714	35,349	35,349	-
Transfers (out)	-	(725,551)	(725,551)	-
Sale of capital assets	1	11,418	11,418	-
Total other financing sources (uses)	<u>10,715</u>	<u>(678,784)</u>	<u>(678,784)</u>	<u>-</u>
Net change in fund balance	(26,071,843)	654,755	654,755	-
Fund balance at beginning of year	25,256,941	25,256,941	25,256,941	-
Prior year encumbrances appropriated	814,902	814,902	814,902	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 26,726,598</u>	<u>\$ 26,726,598</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Teays Valley Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District employed 308 certified employees and 118 non-certified employees who provided services to 4,365 students in the grades K-12. The District is supported by the Pickaway County Educational Service Center, a separate entity.

The District provides regular, vocational, special and adult/continuing instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2023, the District paid META Solutions \$77,137 for services. Financial information can be obtained from META Solutions, 100 Executive Drive, Marion, Ohio 43302.

Central Ohio Special Education Regional Resource Center

The Central Ohio Special Education Regional Resource Center (COSERRC) is a jointly governed organization operated by a Governing Board that is composed of superintendents of member school districts in central Ohio which comprise sixty percent of the Board, two parents of children with disabilities, one representative of a chartered nonpublic school, one representative of a county board of Development Disabilities, representatives of universities and students and persons with disabilities representations. COSERRC assists the District in complying with mandates of Public Law 99-456 for educating children with disabilities. There is no financial commitment made by the districts involved in COSERRC. COSERRC is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Council.

PUBLIC ENTITY RISK POOL

Pickaway County Public Employer Benefits Program (PCPEBP)

During fiscal year 2010, the District joined together with Circleville City School District, Logan Elm Local School District and Westfall Local School District to form the PCPEBP, a new insurance consortium. The PCPEBP is a public entity shared risk pool organized to provide health care and dental insurance benefits to its member organizations. The Board of Directors exercises control over the operation of the PCPEBP. Each member school district is represented on the Board of Directors by its superintendent or superintendent designee.

Logan Elm Local School District serves as fiscal agent for the PCPEBP which is accounted for separately. To obtain financial information, write Steve McAfee, Treasurer, Logan Elm Local School District, 9579 Tarlton Road, Circleville, Ohio 43113.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types. The District has no proprietary or fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the District's major governmental funds:

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

Debt service fund - The debt service fund is used to account for and report the accumulation of resources that are restricted for payment of general obligation bond principal, interest, and related costs.

Permanent improvement fund - The permanent improvement fund is used to account for revenues and transfers that are committed to acquiring, constructing or improving such permanent improvements as authorized by Chapter 5705 of the Ohio Revised Code.

Other governmental funds of the District are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no custodial funds.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the fiscal year in which the underlying exchange transaction occurred (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

See Notes 13 and 14 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds (except custodial funds). The specific timetable for fiscal year 2023 is as follows.

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Pickaway County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted revenues in the budgetary statement reflect the amounts set forth in the original and final certificates of estimated resources issued for fiscal year 2023.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level for all funds, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed appropriations totals.

5. Any revisions that alter the total of any fund appropriation at the legal level of control must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. The original and final budget figures, which appear in the statement of budgetary comparisons, represent the permanent appropriation (original budget) amounts plus all supplemental appropriations legally enacted during the year (final budget amounts).
8. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.

F. Cash and Cash Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

Investments were limited to negotiable certificates of deposit, nonnegotiable certificates of deposit, U.S. Treasury notes, the State of Ohio, Franklin County, Ohio, and the City of Columbus, Ohio municipal bonds, Farm Federal Credit Bank (FFCB) Securities, Federal Home Loan Bank (FHLB) Securities, Federal National Mortgage Association (FNMA) Securities, Federal Agricultural Mortgage Association (FAMC) Securities, Federal Home Loan Mortgage Corporation (FHLMC) Securities, Private Export Funding Corporation (PEFCO) securities, U.S. Government money market account, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at amortized cost.

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues credited to the general fund during fiscal year 2023 amounted to \$2,064,454 which includes \$19,244 assigned from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investments at year end is provided in Note 4.

G. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

H. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net position.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

I. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	8 - 10 years
Infrastructure	20 years
Intangible right to use assets	5 years

The District is reporting intangible right use assets related to leased equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systemic and rational manner of the shorter of the lease term/subscription or the useful life of the underlying asset.

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. On fund financial statements, receivables and payables resulting from long-term interfund loans are classified as “advance from/advance to other funds”. These amounts are eliminated in the governmental type activities columns of the statement of net position. At June 30, 2023, there were no interfund balances outstanding.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Issuance Costs/Unamortized Bond Premium and Discount/Unamortized Accounting Gain or Loss

On government-wide financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refunds resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred inflow or outflow of resources.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

O. Estimates

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

P. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service and a special trust.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Interfund Activity

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the District has implemented GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
ESSER	\$ 229,292

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

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

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

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits, including nonnegotiable certificates of deposit of \$11,528, was \$10,755,249 and the bank balance of all District deposits was \$9,520,666. Of the bank balance, \$467,829 was covered by the FDIC and \$9,052,237 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

(2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2022, certain District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS while others were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

As of June 30, 2023, the District had the following investments and maturities:

<u>Measurement/Investment Type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair value:</i>						
FHLMC	\$ 940,264	\$ -	\$ -	\$ -	\$ -	940,264
FAMC	247,566	-	-	-	-	247,566
FNMA	2,236,535	-	-	1,539,306	-	697,229
FHLB	3,431,319	-	270,842	243,794	229,958	2,686,725
FFCB	2,656,992	447,831	-	952,002	-	1,257,159
PEFCO	137,100	-	-	-	-	137,100
Municipal bonds	1,140,745	-	455,757	-	440,438	244,550
Negotiable CDs	3,419,497	244,782	1,689,820	341,780	-	1,143,115
U.S. Treasury notes	5,119,412	815,242	-	-	245,333	4,058,837
U.S. government money market	43,542	43,542	-	-	-	-
<i>Amortized cost:</i>						
STAR Ohio	<u>13,739,745</u>	<u>13,739,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 33,112,717</u>	<u>\$ 15,291,142</u>	<u>\$ 2,416,419</u>	<u>\$ 3,076,882</u>	<u>\$ 915,729</u>	<u>\$ 11,412,545</u>

The weighted average of maturity of investments is 1.39 years.

The District's investments in federal agency securities (FAMC, FNMA, FHLB, FHLMC, FFCB), U.S. Treasury notes, municipal bonds, and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating agency. The District's investments in municipal bonds are rated Aa1/Aaa and AA+/AAA by Moody's Investor Services and Standard & Poor's, respectively. The District's investments in negotiable CD's are not rated. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - EQUITY IN POOLED CASH 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 District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

<u>Measurement/Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLMC	\$ 940,264	2.84%
FAMC	247,566	0.75%
FNMA	2,236,535	6.75%
FHLB	3,431,319	10.36%
FFCB	2,656,992	8.05%
PEFCO	137,100	0.41%
Municipal bonds	1,140,745	3.44%
Negotiable CDs	3,419,497	10.32%
U.S. Treasury notes	5,119,412	15.46%
U.S. government money market	43,542	0.13%
<i>Amortized cost:</i>		
STAR Ohio	<u>13,739,745</u>	<u>41.49%</u>
Total	<u>\$ 33,112,717</u>	<u>100.00%</u>

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

<u>Cash and cash investments per note</u>	
Carrying amount of deposits	\$ 10,755,249
Investments	<u>33,112,717</u>
Total	<u>\$ 43,867,966</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	
Total	<u>\$ 43,867,966</u>

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Permanent improvement fund	<u>\$ 725,551</u>

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. Transfers between governmental funds are eliminated on the statement of activities.

B. Due to/from other funds consisted of the following at June 30, 2023, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 60,180</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Pickaway, Franklin and Fairfield Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$992,721 in the general fund, \$178,129 in the debt service fund and \$181,543 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$2,979,179 in the general fund, \$535,817 in the debt service fund and \$550,179 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

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

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 572,273,560	75.68	\$ 601,137,560	76.28
Public utility personal	<u>183,854,390</u>	<u>24.32</u>	<u>186,957,630</u>	<u>23.72</u>
Total	<u>\$ 756,127,950</u>	<u>100.00</u>	<u>\$ 788,095,190</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$21.30		\$21.30	
Bond	3.60		3.60	
Permanent improvement	3.70		3.70	

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**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 - RECEIVABLES

A. Other Receivables

Receivables at June 30, 2023 consisted of property taxes, income taxes, payment in lieu of taxes (PILOTs), accrued interest, intergovernmental grants and entitlements, and pledged donations. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 20,242,955
Income taxes	4,158,365
PILOTs receivable	1,663,671
Accrued interest	142,926
Intergovernmental	640,081
Pledged donations	<u>406,835</u>
 Total	 <u><u>\$ 27,254,833</u></u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within one year with the exception of the pledged donations which are expected to be collected over the course of the pledge term which may exceed out to fiscal year 2028.

B. Leases Receivable

The District is reporting leases receivable of \$7,681 in the general fund. For the fiscal year 2023, the District recognized lease revenue of \$22,289, which is reported as other local revenue, and interest revenue of \$992.

The District has entered into lease agreements for farm land:

<u>Leases</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Farm Land	2022	2	2023	Semi-Annual

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,681	\$ 80	\$ 7,761
Total	<u>\$ 7,681</u>	<u>\$ 80</u>	<u>\$ 7,761</u>

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - INCOME TAX

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992 and is a continuing tax. In March 2012, the District voters passed a 1.50 percent earned income tax levy that replaced the previous traditional income tax levy. Collections were gradually ramped up in calendar year 2013 while full collection occurred by the end of calendar year 2014. 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 District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and the classroom facilities maintenance fund (a nonmajor governmental fund). Total income tax revenue on a modified accrual basis during fiscal year 2023 was \$11,389,277.

NOTE 9 - CAPITAL ASSETS

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

	Balance			Balance
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2023</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 3,121,906	\$ -	\$ -	\$ 3,121,906
Construction in progress	<u>4,967,647</u>	<u>-</u>	<u>(4,967,647)</u>	<u>-</u>
Total capital assets, not being depreciated/amortized	<u>8,089,553</u>	<u>-</u>	<u>(4,967,647)</u>	<u>3,121,906</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	14,113,251	43,373	-	14,156,624
Buildings and improvements	109,257,527	4,967,647	-	114,225,174
Furniture and equipment	11,977,789	166,605	(10,134)	12,134,260
Vehicles	4,365,081	398,604	(147,603)	4,616,082
Infrastructure	275,675	-	-	275,675
Intangible right to use assets:				
Leased equipment	395,209	-	-	395,209
SBITAs	<u>-</u>	<u>264,159</u>	<u>-</u>	<u>264,159</u>
Total capital assets, being depreciated/amortized	<u>140,384,532</u>	<u>5,840,388</u>	<u>(157,737)</u>	<u>146,067,183</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(9,467,536)	(551,630)	-	(10,019,166)
Buildings and improvements	(56,353,375)	(3,346,901)	-	(59,700,276)
Furniture and equipment	(8,797,754)	(574,218)	9,735	(9,362,237)
Vehicles	(2,662,751)	(388,328)	147,603	(2,903,476)
Infrastructure	(106,034)	(15,111)	-	(121,145)
Intangible right to use assets:				
Leased equipment	(131,420)	(130,469)	-	(261,889)
SBITAs	<u>-</u>	<u>(38,080)</u>	<u>-</u>	<u>(38,080)</u>
Total accumulated depreciation/amortization	<u>(77,518,870)</u>	<u>(5,044,737)</u>	<u>157,338</u>	<u>(82,406,269)</u>
Governmental activities capital assets, net	<u>\$ 70,955,215</u>	<u>\$ 795,651</u>	<u>\$ (4,968,046)</u>	<u>\$ 66,782,820</u>

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - CAPITAL ASSETS - (Continued)

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

<u>Instruction:</u>	
Regular	\$ 3,799,028
Special	6,526
Vocational	54,700
Other	1,135
<u>Support services:</u>	
Pupil	18,249
Instructional staff	23,874
Board of education	1,462
Administration	12,038
Fiscal	2,788
Business	236,278
Operations and maintenance	234,236
Pupil transportation	400,726
Central	31,660
Extracurricular activities	166,781
Food service operations	<u>55,256</u>
Total depreciation/amortization expense	<u>\$ 5,044,737</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2023, the following changes occurred in governmental activities long-term obligations.

	Restated Balance			Balance	Amounts Due in
	<u>June 30, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2023</u>	<u>One Year</u>
General obligation bonds	\$ 20,940,000	\$ -	\$ (2,060,000)	\$ 18,880,000	\$ 2,130,000
Leases payable	275,598	-	(128,486)	147,112	144,742
Net pension liability	29,463,697	20,105,845	-	49,569,542	-
Net OPEB liability	3,442,062	-	(942,374)	2,499,688	-
Compensated absences	<u>3,238,101</u>	<u>692,503</u>	<u>(531,119)</u>	<u>3,399,485</u>	<u>346,485</u>
Total	<u>\$ 57,359,458</u>	<u>\$ 20,798,348</u>	<u>\$ (3,661,979)</u>	<u>\$ 74,495,827</u>	<u>\$ 2,621,227</u>
Add: Unamortized premium	<u>1,642,553</u>			<u>1,462,467</u>	
Total on statement of net position	<u>\$ 59,002,011</u>			<u>\$ 75,958,294</u>	

General Obligation Bonds: See Note 10.B. through Note 10.D. for details.

Leases payable: The lease obligation will be paid from the general fund. See Note 10.E for details.

Net Pension Liability and Net OPEB Liability: See Notes 13 and 14 for details. The District pays obligations related to employee compensation from the fund benefitting from their services.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District is the general fund, food service fund (a nonmajor governmental fund), the Title VI-B fund (a nonmajor governmental fund) and the Title I fund (a nonmajor governmental fund).

B. General Obligation Bonds - Series 2015 Refunding Bonds

During fiscal year 2016, the District issued \$14,215,000 in general obligation bonds to refund \$14,705,000 of the General Obligation Bonds – Series 2006 Refunding Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was \$9,605,000.

The issue is comprised of current interest bonds, par value \$14,215,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$211,803. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2027. This advance refunding was undertaken to reduce the combined total debt service payments by \$1,774,677 and resulted in an economic gain of \$1,725,901.

The following is a schedule of activity for the series 2015 refunding bonds:

	Balance		Balance	Amount
	<u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Due in</u>
			<u>June 30, 2023</u>	<u>One Year</u>
Current interest bonds -				
Series 2015 Refunding	\$ 8,640,000	\$ -	\$ 7,340,000	\$ 1,355,000

The following is a summary of the future debt service requirements to maturity for the series 2015 refunding bonds:

Fiscal Year Ending	<u>2015 Refunding Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,355,000	\$ 250,650	\$ 1,605,650
2025	1,410,000	195,350	1,605,350
2026	1,465,000	137,850	1,602,850
2027	1,525,000	78,050	1,603,050
2028	<u>1,585,000</u>	<u>23,775</u>	<u>1,608,775</u>
Total	<u>\$ 7,340,000</u>	<u>\$ 685,675</u>	<u>\$ 8,025,675</u>

C. General Obligation Bonds - Series 2016A Refunding Bonds

During fiscal year 2016, the District issued \$8,675,000 in general obligation bonds to refund \$9,015,000 of the General Obligation Bonds – Series 2007A. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was \$7,545,000.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The issue is comprised of current interest bonds, par value \$8,675,000. The interest rates on the current interest bonds range from 2.00% - 4.00%. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$391,623. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2034. This advance refunding was undertaken to reduce the combined total debt service payments by \$1,174,994 and resulted in an economic gain of \$974,791.

The following is a schedule of activity for the series 2016A refunding bonds:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amount</u>
	<u>June 30, 2022</u>			<u>June 30, 2023</u>	<u>Due in</u>
					<u>One Year</u>
Current interest bonds -					
Series 2016A Refunding	\$ 6,580,000	\$ -	\$ (415,000)	\$ 6,165,000	\$ 420,000

The following is a summary of the future debt service requirements to maturity for the series 2016A refunding bonds:

Fiscal Year Ending	<u>2016A Refunding Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 420,000	\$ 229,375	\$ 649,375
2025	425,000	216,675	641,675
2026	445,000	199,275	644,275
2027	465,000	181,075	646,075
2028	480,000	162,175	642,175
2029 - 2033	2,700,000	515,038	3,215,038
2034 - 2035	<u>1,230,000</u>	<u>49,800</u>	<u>1,279,800</u>
Total	<u>\$ 6,165,000</u>	<u>\$ 1,553,413</u>	<u>\$ 7,718,413</u>

D. General Obligation Bonds - Series 2016B Refunding Bonds

During fiscal year 2016, the District issued \$7,505,000 in general obligation bonds to refund \$7,780,000 of the General Obligation Bonds – Series 2007B. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was \$6,510,000. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

The issue is comprised of current interest bonds, par value \$7,505,000. The interest rates on the current interest bonds range from 2.00% - 4.00%.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$339,306. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2034. This advance refunding was undertaken to reduce the combined total debt service payments by \$990,563 and resulted in an economic gain of \$807,828.

The following is a schedule of activity for the series 2016B refunding bonds:

	<u>Balance</u> <u>June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Current interest bonds - Series 2016B Refunding	\$ 5,720,000	\$ -	\$ (345,000)	\$ 5,375,000	\$ 355,000

The following is a summary of the future debt service requirements to maturity for the series 2016B refunding bonds:

Fiscal Year Ending	<u>2016B Refunding Bonds</u>			
	<u>Current Interest Bonds</u>			
	<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 355,000	\$ 203,862	\$ 558,862	
2025	370,000	189,362	559,362	
2026	390,000	174,162	564,162	
2027	405,000	158,262	563,262	
2028	420,000	141,762	561,762	
2029 - 2033	2,355,000	450,681	2,805,681	
2034 - 2035	<u>1,080,000</u>	<u>43,600</u>	<u>1,123,600</u>	
Total	<u>\$ 5,375,000</u>	<u>\$ 1,361,691</u>	<u>\$ 6,736,691</u>	

E. Leases Payable

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

The District has entered into lease agreements for copier equipment and a postage machine at varying years and terms as follows:

<u>Company</u>	<u>Lease</u> <u>Commencement</u> <u>Date</u>	<u>Years</u>	<u>Lease</u> <u>End</u> <u>Date</u>	<u>Payment</u> <u>Method</u>
Copier	2019	5	2024	Monthly
Postage Machine	2020	5	2025	Monthly

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 144,742	\$ 9,617	\$ 154,359
2025	2,081	67	2,148
2026	<u>197</u>	<u>1</u>	<u>198</u>
Total	<u>\$ 147,020</u>	<u>\$ 9,685</u>	<u>\$ 156,705</u>

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of \$56,776,164 (including available funds of \$4,727,597) and an unvoted debt margin of \$788,095.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The administrators are generally granted twenty days of vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Upon termination, employees are limited to payment of 2 years plus current year accumulation based on the Ohio Revised Code. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
0 - 9	10
10 - 19	15
20 - beyond	20

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees, except 260 day administrators and classified employees is 240 days; 260 day administrators and classified employees may accumulate 295 days of sick leave. 205 day administrators may accumulate 271 days per year, based on 113 percent of teacher’s accumulation of 240 days of sick leave for 185 days of service.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 12 - RISK MANAGEMENT

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Any certified employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to a maximum of 60 days. Administrators receiving retirement severance pay shall be entitled to a dollar amount equivalent to 30% of all accumulated sick leave credited to that employee up to a maximum of 88.5 days. The superintendent is entitled to 40% of all accumulated sick leave up to a maximum of 100 days.

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$2,000,000 in the aggregate, plus \$4,000,000 umbrella.

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss, plus \$4,000,000 umbrella.

The District maintains replacement cost insurance on buildings and contents in the amount of \$199,050,000. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions of coverage from the prior years with the exception of replacement cost insurance on buildings and contents.

B. Workers' Compensation

For calendar year 2023, Teays Valley Local Schools participated in the Ohio SchoolComp Worker's Compensation Group Retrospective Rating Plan, a voluntary performance-based incentive program offered jointly by OSBA and OASBO. The intent of the program is to reward participants that are able to keep their claims cost low. Districts continue to pay their premium directly to the BWC. Districts will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2023 program, the evaluation periods will be 12/31/23, 12/31/24, and 12/31/25. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the districts individual premium compared to the overall program premium. Participation in the Group Retrospective Rating Plan is limited to the school districts that can meet the programs criteria. The firm of CompManagement, LLC provides administrative, cost control and actual services to the program.

C. Health Care and Dental Insurance Benefits

Effective July 1, 2009, the District began offering health care benefits to employees through the PCPEBP, a public entity shared risk pool, currently operating as a common risk management and insurance program for 4 member school districts. Effective July 1, 2011, the District began offering dental benefits to employees through the PCPEBP. The PCPEBP was organized to provide health care benefits and dental insurance benefits to its members.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - RISK MANAGEMENT - (Continued)

Effective Jan 1, 2014, the District moved all employees to the high deductible health plan which includes an HSA. Specifics on the plan can be found below:

	<u>Rate</u>	<u>Board Share</u>	<u>Board HSA Contribution</u>	<u>Total Out-of-pocket Expense</u>
<i>Medical:</i>				
Single	\$ 856.00	\$ 856.00	\$ 2,000.00	\$ 3,100.00
Family	1,961.00	1,764.90	2,000.00	6,200.00
<i>Dental:</i>				
Single	40.00	40.00	n/a	n/a
Family	92.00	92.00	n/a	n/a

The health care coverage is administered by United Healthcare, a third party administrator. The dental coverage is administered by Delta Dental of Ohio.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The 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/OPEB liability (asset) represent the District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset).

Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District’s 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.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; 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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,018,431 for fiscal year 2023. Of this amount, \$88,584 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The District's contractually required contribution to STRS was \$3,620,563 for fiscal year 2023. Of this amount, \$636,583 is reported as pension and postemployment benefits payable.

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

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

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.176915800%	0.179385250%	
Proportion of the net pension liability current measurement date	<u>0.174291800%</u>	<u>0.180576960%</u>	
Change in proportionate share	<u>-0.002624000%</u>	<u>0.001191710%</u>	
Proportionate share of the net pension liability	\$ 9,427,056	\$ 40,142,486	\$ 49,569,542
Pension expense	\$ 716,646	\$ 5,544,009	\$ 6,260,655

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 381,803	\$ 513,874	\$ 895,677
Net difference between projected and actual earnings on pension plan investments	-	1,396,871	1,396,871
Changes of assumptions	93,017	4,803,850	4,896,867
Difference between employer contributions and proportionate share of contributions/change in proportionate share	110,195	1,462,140	1,572,335
Contributions subsequent to the measurement date	1,018,431	3,620,563	4,638,994
Total deferred outflows of resources	\$ 1,603,446	\$ 11,797,298	\$ 13,400,744
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 61,886	\$ 153,557	\$ 215,443
Net difference between projected and actual earnings on pension plan investments	328,962	-	328,962
Changes of assumptions	-	3,615,918	3,615,918
Difference between employer contributions and proportionate share of contributions/change in proportionate share	93,534	-	93,534
Total deferred inflows of resources	\$ 484,382	\$ 3,769,475	\$ 4,253,857

\$4,638,994 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$ 101,699	\$ 752,995	\$ 854,694
2025	(77,817)	383,301	305,484
2026	(469,928)	(800,136)	(1,270,064)
2027	546,679	4,071,100	4,617,779
Total	\$ 100,633	\$ 4,407,260	\$ 4,507,893

Actuarial Assumptions - SERS

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 13,876,177	\$ 9,427,056	\$ 5,678,733

Actuarial Assumptions - STRS

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 60,640,682	\$ 40,142,486	\$ 22,807,358

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$133,836.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$133,836 for fiscal year 2023. Of this amount, \$133,836 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.181871200%	0.179385250%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.178039100%</u>	<u>0.180576960%</u>	
Change in proportionate share	<u>-0.003832100%</u>	<u>0.001191710%</u>	
Proportionate share of the net OPEB liability	\$ 2,499,688	\$ -	\$ 2,499,688
Proportionate share of the net OPEB asset	\$ -	\$ (4,675,738)	\$ (4,675,738)
OPEB expense	\$ (85,786)	\$ (776,130)	\$ (861,916)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 21,015	\$ 67,787	\$ 88,802
Net difference between projected and actual earnings on OPEB plan investments	12,995	81,397	94,392
Changes of assumptions	397,607	199,168	596,775
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	314,300	118,927	433,227
Contributions subsequent to the measurement date	<u>133,836</u>	<u>-</u>	<u>133,836</u>
Total deferred outflows of resources	<u>\$ 879,753</u>	<u>\$ 467,279</u>	<u>\$ 1,347,032</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,598,985	\$ 702,211	\$ 2,301,196
Changes of assumptions	1,026,140	3,315,557	4,341,697
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>131,293</u>	<u>936</u>	<u>132,229</u>
Total deferred inflows of resources	<u>\$ 2,756,418</u>	<u>\$ 4,018,704</u>	<u>\$ 6,775,122</u>

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$133,836 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (417,766)	\$ (1,005,953)	\$ (1,423,719)
2025	(432,814)	(1,015,694)	(1,448,508)
2026	(390,419)	(496,212)	(886,631)
2027	(250,969)	(207,030)	(457,999)
2028	(186,721)	(272,827)	(459,548)
Thereafter	(331,812)	(553,709)	(885,521)
Total	\$ (2,010,501)	\$ (3,551,425)	\$ (5,561,926)

Actuarial Assumptions - SERS

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

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.69%
Prior measurement date	1.92%

Single equivalent interest rate, net of plan investment expense,
including price inflation:

Current measurement date	4.08%
Prior measurement date	2.27%

Medical trend assumption:

Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

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

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,104,650	\$ 2,499,688	\$ 2,011,319

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,927,708	\$ 2,499,688	\$ 3,246,786

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,329,820	\$ 4,675,738	\$ 4,978,234

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,849,878	\$ 4,675,738	\$ 4,455,930

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) as opposed to cost basis (budget basis).

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 654,755
Net adjustment for revenue accruals	(119,307)
Net adjustment for expenditure accruals	(161,918)
Net adjustment for other sources/uses	(35,349)
Funds budgeted elsewhere	(82,124)
Adjustment for encumbrances	1,181,013
GAAP basis	\$ 1,437,070

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the District agency fund, the internal service fund and the underground storage tank fund.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not involved in any litigation that would have a material effect on the financial statements.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the 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. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2022	\$ -
Current year set-aside requirement	934,027
Current year offsets	<u>(2,747,119)</u>
Total	<u>\$ (1,813,092)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside balance June 30, 2023	<u>\$ -</u>

NOTE 18 - OTHER COMMITMENTS

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

	<u>Year-End Encumbrances</u>
<u>Fund</u>	
General	\$ 1,181,013
Permanent improvement	1,476,343
Nonmajor governmental funds	<u>76,957</u>
Total	<u>\$ 2,734,313</u>

NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Pickaway County entered into Community Reinvestment Area agreements (CRAs) with various businesses for the abatement of property taxes to bring jobs and economic development into the County. Under the agreements, the company's property taxes assessed to the District have been abated. During fiscal year 2023, the District's property taxes were reduced by \$15,466,686.

NOTE 20 - COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.17429180%	0.17691580%	0.16918630%	0.16254440%
District's proportionate share of the net pension liability	\$ 9,427,056	\$ 6,527,680	\$ 11,190,338	\$ 9,725,316
District's covered payroll	\$ 6,571,729	\$ 6,156,786	\$ 6,086,236	\$ 5,556,037
District's proportionate share of the net pension liability as a percentage of its covered payroll	143.45%	106.02%	183.86%	175.04%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.16318280%	0.15413640%	0.15381570%	0.15290890%	0.15097500%	0.15097500%
\$ 9,345,781	\$ 9,209,309	\$ 11,257,890	\$ 8,725,130	\$ 7,640,759	\$ 8,977,999
\$ 5,329,407	\$ 5,049,457	\$ 4,724,929	\$ 4,603,354	\$ 4,387,027	\$ 4,247,247
175.36%	182.38%	238.27%	189.54%	174.17%	211.38%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.18057696%	0.17938525%	0.17259243%	0.16690739%
District's proportionate share of the net pension liability	\$ 40,142,486	\$ 22,936,017	\$ 41,761,227	\$ 36,910,566
District's covered payroll	\$ 23,551,379	\$ 22,731,250	\$ 21,002,479	\$ 19,846,129
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.45%	100.90%	198.84%	185.98%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.16309037%	0.15688365%	0.15347236%	0.14909469%	0.14582712%	0.14582712%
\$ 35,859,911	\$ 37,268,047	\$ 51,371,825	\$ 41,205,411	\$ 35,470,202	\$ 42,251,873
\$ 18,665,564	\$ 17,585,264	\$ 16,235,600	\$ 15,555,536	\$ 14,899,500	\$ 15,285,185
192.12%	211.93%	316.41%	264.89%	238.06%	276.42%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 1,018,431	\$ 920,042	\$ 861,950	\$ 852,073
Contributions in relation to the contractually required contribution	<u>(1,018,431)</u>	<u>(920,042)</u>	<u>(861,950)</u>	<u>(852,073)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,274,507	\$ 6,571,729	\$ 6,156,786	\$ 6,086,236
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 750,065	\$ 719,470	\$ 706,924	\$ 661,490	\$ 606,722	\$ 608,042
<u>(750,065)</u>	<u>(719,470)</u>	<u>(706,924)</u>	<u>(661,490)</u>	<u>(606,722)</u>	<u>(608,042)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,556,037	\$ 5,329,407	\$ 5,049,457	\$ 4,724,929	\$ 4,603,354	\$ 4,387,027
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 3,620,563	\$ 3,297,193	\$ 3,182,375	\$ 2,940,347
Contributions in relation to the contractually required contribution	<u>(3,620,563)</u>	<u>(3,297,193)</u>	<u>(3,182,375)</u>	<u>(2,940,347)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,861,164	\$ 23,551,379	\$ 22,731,250	\$ 21,002,479
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
\$ 2,778,458	\$ 2,613,179	\$ 2,461,937	\$ 2,272,984	\$ 2,177,775	\$ 1,936,935
(2,778,458)	(2,613,179)	(2,461,937)	(2,272,984)	(2,177,775)	(1,936,935)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 19,846,129	\$ 18,665,564	\$ 17,585,264	\$ 16,235,600	\$ 15,555,536	\$ 14,899,500
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability	0.17803910%	0.18187120%	0.17279590%	0.16634880%
District's proportionate share of the net OPEB liability	\$ 2,499,688	\$ 3,442,062	\$ 3,755,420	\$ 4,183,322
District's covered payroll	\$ 6,571,729	\$ 6,156,786	\$ 6,086,236	\$ 5,556,037
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.04%	55.91%	61.70%	75.29%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.16456430%	0.15565220%	0.15496513%
\$ 4,565,458	\$ 4,177,296	\$ 4,417,080
\$ 5,329,407	\$ 5,049,457	\$ 4,724,929
85.67%	82.73%	93.48%
13.57%	12.46%	11.49%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net OPEB liability/asset	0.18057696%	0.17938525%	0.17259243%	0.16690739%
District's proportionate share of the net OPEB liability/(asset)	\$ (4,675,738)	\$ (3,782,191)	\$ (3,033,311)	\$ (2,764,386)
District's covered payroll	\$ 23,551,379	\$ 22,731,250	\$ 21,002,479	\$ 19,846,129
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.85%	16.64%	14.44%	13.93%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.16309037%	0.15688365%	0.15347236%
\$ (2,620,696)	\$ 6,121,021	\$ 8,207,742
\$ 18,665,564	\$ 17,585,264	\$ 16,235,600
14.04%	34.81%	50.55%
176.00%	47.10%	37.30%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 133,836	\$ 115,370	\$ 114,287	\$ 97,914
Contributions in relation to the contractually required contribution	<u>(133,836)</u>	<u>(115,370)</u>	<u>(114,287)</u>	<u>(97,914)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,274,507	\$ 6,571,729	\$ 6,156,786	\$ 6,086,236
Contributions as a percentage of covered payroll	1.84%	1.76%	1.86%	1.61%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 128,254	\$ 111,179	\$ 81,316	\$ 74,508	\$ 111,018	\$ 76,562
<u>(128,254)</u>	<u>(111,179)</u>	<u>(81,316)</u>	<u>(74,508)</u>	<u>(111,018)</u>	<u>(76,562)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,556,037	\$ 5,329,407	\$ 5,049,457	\$ 4,724,929	\$ 4,603,354	\$ 4,387,027
2.31%	2.09%	1.61%	1.58%	2.41%	1.75%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 25,861,164	\$ 23,551,379	\$ 22,731,250	\$ 21,002,479
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 153,265
-	-	-	-	-	(153,265)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,846,129	\$ 18,665,564	\$ 17,585,264	\$ 16,235,600	\$ 15,555,536	\$ 14,899,500
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Donation)	10.553	N/A	\$ 24,161
Non-Cash Assistance (Food Donation)	10.555	N/A	\$ 126,760
Cash Assistance:			
School Breakfast Program	10.553	N/A	161,400
National School Lunch Program	10.555	N/A	846,787
COVID-19 Supply Chain Disruption	10.555	N/A	111,799
Total Child Nutrition Cluster			<u>1,270,907</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	N/A	<u>3,135</u>
Total U.S. Department of Agriculture			<u>1,274,042</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	N/A	512,552
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027A	N/A	915,376
Special Education - Grants to States	84.027X	N/A	199,007
Special Education - Preschool Grants	84.173A	N/A	23,846
American Rescue Plan Special Education - Preschool Grants	84.173X	N/A	781
Total Special Education Cluster (IDEA)			<u>1,139,010</u>
Supporting Effective Instruction State Grants	84.367A	N/A	102,060
Student Support and Academic Enrichment Program	84.424A	N/A	29,500
School Emergency Relief Fund	84.425U	N/A	1,324,418
American Rescue Plan - Homeless Children and Youth	84.425W	N/A	<u>7,532</u>
Total U.S. Department of Education			<u>3,115,072</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through the Ohio Office of Budget and Management</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>20,671</u>
Total U.S. Department of the Treasury			<u>20,671</u>
Total Expenditures of Federal Awards			<u>\$4,409,785</u>

(1) There were no amounts passed through subrecipients

(2) There were no pass through entity identifying numbers

The accompanying notes are an integral part of this schedule.

**TEAYS VALLEY LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has elected not to use the 10-percent de minimis indirect cost rate.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program.

The District transferred the following amount from 2023 to 2024 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amount Transferred</u>
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	\$ 533,888
Title I Grants to Local Educational Agencies	84.010A	5,220
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	147,446



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

Teays Valley Local School District
Pickaway County
385 Viking Way
Ashville, Ohio 43103

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Teays Valley Local School District, Pickaway County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 26, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 26, 2023



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

Teays Valley Local School District
Pickaway County
385 Viking Way
Ashville, Ohio 43103

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Teays Valley Local School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Teays Valley Local School District's major federal program for the year ended June 30, 2023. Teays Valley Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group Inc.
Piketon, Ohio
December 26, 2023

**Teays Valley Local School District
Pickaway County, Ohio**

**Schedule of Findings
2 CFR § 200.515
June 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster: ALN 10.553 & 10.555
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**Teays Valley Local School District
Pickaway County, Ohio**

**Schedule of Findings
2 CFR § 200.515
June 30, 2023**

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

None noted

3. FINDINGS FOR FEDERAL AWARDS

None noted

OHIO AUDITOR OF STATE KEITH FABER



TEAYS VALLEY LOCAL SCHOOL DISTRICT

PICKAWAY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/21/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov