OHIO AUDITOR OF STATE
KEITH FABER

FOREST HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2023

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HAMILTON COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Forest Hills Local School District
Hamilton County
7946 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Forest Hills Local School District, Hamilton County, Ohio as of June 30, 2023, and the respective changes in financial position thereof 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, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
January 30, 2024

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This discussion and analysis provides key information from management highlighting the overall financial performance of the Forest Hills Local School District for the year ended June 30, 2023. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2023 are listed below:

- ✓ The liabilities and deferred inflows of resources of the School District exceeded its assets and deferred outflows of resources at year-end by $22,006,941. The deficit net position balance was driven by the required recognition of $102,366,983 in the School District's proportionate share of net pension and other postemployment benefit (OPEB) liabilities.
- ✓ In total, net position decreased by $2,643,540.
- ✓ The School District had $112,339,614 in expenses related to governmental activities; only $13,341,048 of these expenses were offset by program specific charges for services, grants or contributions. General revenue of $96,355,026, made up primarily of property taxes and State Foundation payments, provided additional funding for these programs.
- ✓ The general fund balance decreased by $1,152,079 from $32,640,625 at June 30, 2022 to $31,488,546 at June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating. The statement of activities presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

The governmental activities of the School District include instruction, support services (administration, operation and maintenance of plant), and non-instructional services (extracurricular activities, food services) and self-insured risk management. The School District has no business-type activities.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs.

Notes to the basic financial statements*.* The notes provide additional information that is essential to understanding the data provided in the government-wide and fund financial statements.

Other information*.* In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information concerning the General Fund budget and required pension and OPEB schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2023 and 2022:

		Governmental Activities	
		FY23	**FY22**
Assets:			
Current and other assets	$	131,135,862	118,902,690
Capital assets		113,271,147	117,423,496
Total assets		244,407,009	236,326,186
Deferred outflows of resources		26,558,471	29,337,066
Liabilities:			
Long-term liabilities:			
Net pension liability		97,838,613	59,008,342
Net OPEB liability		4,528,370	6,287,111
Other long-term amounts		100,270,098	101,103,154
Other liabilities		14,691,945	14,140,300
Total liabilities		217,329,026	180,538,907
Deferred inflows of resources		75,643,395	104,487,746
Net position:			
Net investment in capital assets		15,808,868	17,129,106
Restricted		22,256,238	19,421,453
Endowment:			
Expendable		69,407	50,393
Nonexpendable		668,575	668,575
Unrestricted (deficit)		(60,810,029)	(56,632,928)
Total net position	$	(22,006,941)	(19,363,401)

The net pension liability is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27,* and the net other postemployment benefits (OPEB) asset and liability are reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior accounting for pensions (GASB Statement No. 27) and OPEB (GASB Statement No. 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB Statement Nos. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

As required by GASB Statement Nos. 68 and 75, the required net pension liability and the net OPEB asset and liability equal the School District's proportionate share of each plan's collective:

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

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

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

A significant portion of the School District's positive net position is in net investment in capital assets. The School District uses these capital assets to provide educational services to its students. Accordingly, these assets are not available for future spending. An additional portion of the School District's net position ($22,994,220) represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position (deficit) at June 30, 2023 was ($60,810,029). However, if the components of recording the net pension and OPEB liabilities and net OPEB asset are removed from the Statement of Net Position, the School District's unrestricted net position would be a positive $28,239,994. We feel this is important to mention as the management of the School District has no control over the management of the State-wide retirement plans or the benefits offered; both of which control the net pension and OPEB liabilities that significantly impact the School District's financial statements.

At June 30, 2023, the School District experienced an increase in its total assets of approximately $8.1 million, or 3%, primarily due to an increase in cash of $4.6 million due to positive operating results. Additionally, taxes receivable increased $5.7 million due to the passage of a 6.9 mil combination continuing levy in May 2023. The increase was offset by a decrease in capital assets of approximately $4.2 million due to recognition of depreciation expense in excess of capital additions.

Total liabilities increased by about $36.8 million, or 20%, due to an increase in the net pension liability of approximately $38.8 million. The significant increase in the net pension liability was due to a volatile investment market: the School Employees Retirement System (SERS) reported an annual money-weighted rate of return of -1.93% (compared to 28.18% in the prior year), while the State Teachers Retirement System (STRS) reported an annual money-weighted rate of return of -3.55% (compared to 29.24% in the prior year).

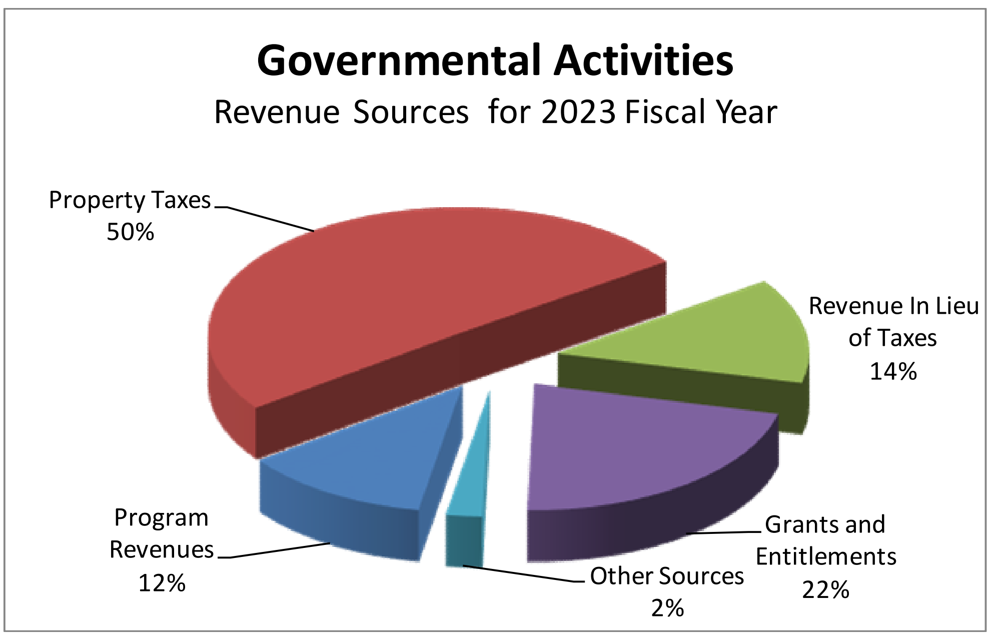
B. Change in net position

The following table presents a condensed summary of the School District's governmental activities during fiscal years 2023 and 2022 and the resulting change in net position:

		Governmental Activities	
		FY23	**FY22**
Revenues:			
Program revenues:			
Charges for services and sales	$	6,300,308	4,734,100
Operating grants and contributions		7,032,493	12,373,670
Capital grants and contributions		8,247	8,591
Total program revenues		13,341,048	17,116,361
General revenues:			
Property taxes		55,297,696	58,592,787
Revenue in lieu of taxes		14,739,274	13,441,771
Grants and entitlements		23,758,465	23,932,528
Investment earnings		1,555,771	67,227
Miscellaneous		1,003,820	1,507,438
Total general revenues		96,355,026	97,541,751
Total revenues		109,696,074	114,658,112
Expenses:			
Instruction		66,170,124	57,912,124
Support services:			
Pupil and instructional staff		11,945,191	10,781,397
Board of Education, administration, fiscal, and business		11,745,205	8,359,296
Operation and maintenance of plant		6,580,197	5,818,384
Pupil transportation		4,440,809	3,848,140
Central		1,391,389	1,082,375
Non-instructional services		4,208,556	3,712,364
Interest and fiscal charges		3,598,148	3,687,477
Food services		2,259,995	2,107,031
Total expenses		112,339,614	97,308,588
Change in net position		(2,643,540)	17,349,524
Beginning net position		(19,363,401)	(36,712,925)
Ending net position	$	(22,006,941)	(19,363,401)

Of the total governmental activities revenues of $109,696,074, $13,341,048 (12%) is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, $55,297,696 (57%) comes from property tax levies and $23,758,465 (25%) is from state funding. Thus, the School District's operations are reliant upon its property tax levy and the state's foundation program.

Total revenue decreased by approximately $5.0 million, or 4%. Property taxes accounted for approximately $3.3 million of the decrease, due to swings in the amount of taxes the County Auditor had available to advance to the School District between years. There was an additional $5.3 million decrease in operating grants and contributions, due to receiving a majority of ARPA-funded School Emergency Relief Funding and school lunch assistance in fiscal year 2022 and prior. These decreases were partially offset by an increase in charges for services from food services. With the ARPA-funded school lunch assistance program used to subsidize student lunches winding down, student lunch charges for services increased back to historical norms. There was also an increase in investment earnings, due to more money available to invest and better investment rates.



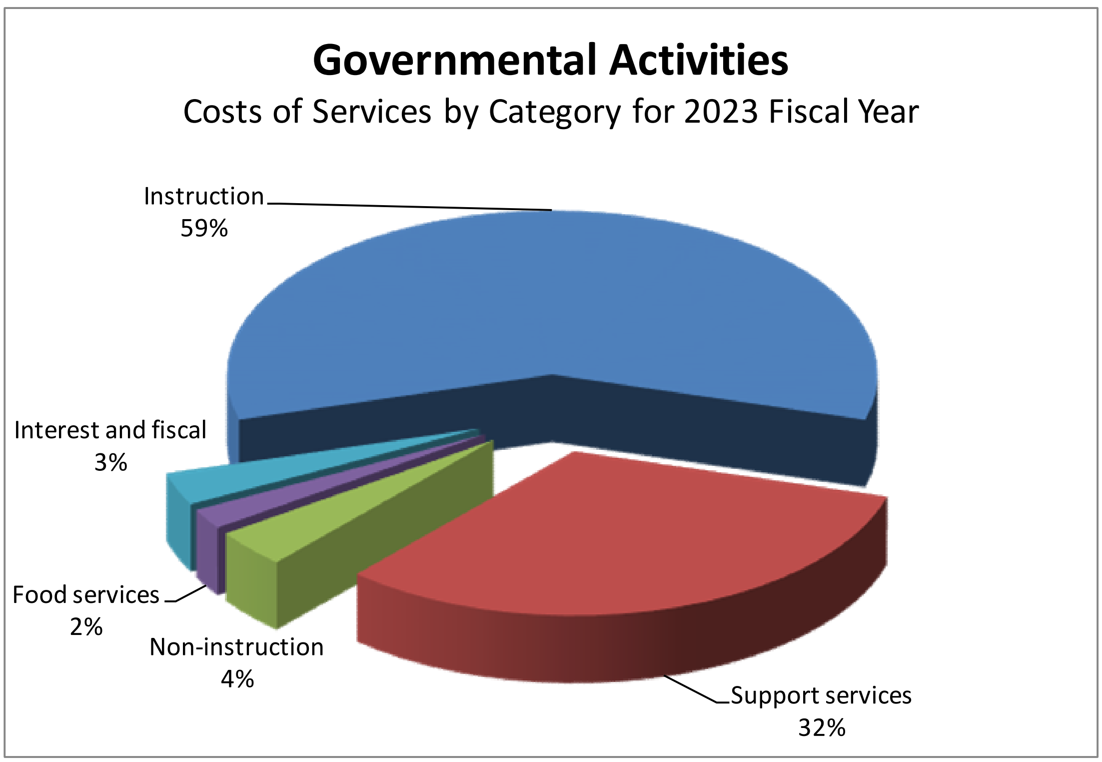
Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 12% of the cost of the general government programs was recouped in program revenues. Instruction costs were $66,170,124, but program revenue contributed to fund 9% of those costs. Thus, general revenues of $96,355,026 were used to support of remainder of the instruction costs. The School District's Food Service operation continues to generate enough program revenue to substantially cover daily operating costs.

Governmental Activities

		Total Cost of Services	Program Revenue	Revenues as a % of Total Costs	Net Cost of Services
Instruction	$	66,170,124	5,903,359	9%	60,266,765
Support services		36,102,791	987,890	3%	35,114,901
Non-instructional services		4,208,556	2,151,354	51%	2,057,202
Food services		2,259,995	4,298,445	190%	(2,038,450)
Interest and fiscal charges		3,598,148	-	0%	3,598,148
Total	$	112,339,614	13,341,048	12%	98,998,566

Fiscal year 2023 total expenses increased approximately $15.0 million, or 15%, from fiscal year 2022. This is primarily related to the increase in pension expenses related to the increase in the net pension liability previously discussed.



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Governmental funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The School District has two major governmental funds: the general and bond retirement funds. Assets of these funds comprise $109,418,515 (90%) of the total $121,940,945 governmental funds' assets.

General Fund. Fund balance at June 30, 2023 was $31,488,546, including $28,575,307 of unassigned fund balance which represents 31% of expenditures for fiscal year 2023. Fund balance decreased by $1,152,079. Total revenue decreased by 2% attributable to the fluctuation in taxes available for advance, as discussed previously. Total expenditures increased by 7%, due to ARPA funding winding down. The School District utilized ARPA funds the last couple fiscal years to pay for salaries and benefits normally paid from the General Fund.

General fund revenues for the past three years have been increasing at an average of 1.6% annually while general fund expenditures have been increasing at an average of 3.6% over the past three years. The following is an excerpt from the School District's general fund five-year forecast (presented on the cash basis):

	Actual			
	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Average Change
Total Revenue	$89,047,242	$90,045,405	$91,938,968	1.6%
Total Expenditures	83,768,162	86,205,148	89,951,035	3.6%
Excess of Revenue over/ (under) Expenditures	5,279,080	3,840,257	1,987,933	-37.7%
Cash Balance July 1	9,756,881	15,035,961	18,876,218	39.8%
Cash Balance June 30	$15,035,961	$18,876,218	$20,864,151	18.0%

Bond Retirement Fund. The bond retirement fund is used to account for taxes and related revenues levied to repay outstanding general obligation bonds. The School District incurred debt service expenditures of $5,918,376 during the fiscal year and ended with a fund balance of $12,277,288; adequate to satisfy debt service requirements due in the subsequent fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results is included in the required supplementary information. During fiscal year 2023, the School District amended its General Fund budget with Hamilton County as changes occurred in School District revenues and expenditures.

Budgeted revenue remained relatively flat during the year, while actual revenue came in at budget.

Final budgeted expenditures decreased by less than 1% during the fiscal year from the original budget to account for decreased personnel costs. Actual General Fund expenditures came in at budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At June 30, 2023, the School District had $113,271,147 invested in a broad range of capital assets, including land, buildings, equipment and vehicles. See Note 5 to the financial statements for more detail.

Capital Assets at Year-End
(Net of Depreciation)

		FY23	FY22
Land	$	2,020,598	2,020,598
Construction in progress		117,791	253,759
Buildings		25,236,076	26,114,159
Improvements		82,386,497	85,417,745
Machinery and equipment		3,510,185	3,617,235
Total	$	113,271,147	117,423,496

Net Capital Assets decreased by $4,152,349 during fiscal year 2023. Significant capital asset activity during fiscal year 2023 included completion of paving projects at several facilities, roof replacement at Nagel Middle School, and purchase of vehicles and food service equipment

Debt administration. A summary of long-term obligations is located in Note 11.

In February 2015, the School District issued $103,000,000 in Series 2015 school improvement bonds to finance the costs of new construction, improvements, renovations, and additions to school facilities.

In March 2016, the School District issued $1,200,000 in Series 2016 convertible bonds to refinance a short-term general obligation note that was issued to finance a portion of the costs for land and a building for replacement administrative offices, which were necessary due to the relocation of the School District's operations (Transportation, Custodial, Maintenance, and Food Service).

In May 2017, the School District issued $3,000,000 in tax anticipation notes to finance site work at Anderson High School.

During 2019, the School District issued $3,200,000 in lease-purchase obligations to finance a bus compound and eleven buses.

At June 30, 2023, the School District had $88,280,000 in outstanding bonds, with $2,350,000 due within one year, and $2,030,000 in lease-purchase agreements, with $315,000 due within one year. The School District's overall legal debt margin was $48,771,573 with an unvoted debt margin of $1,522,795 at June 30, 2023.

ECONOMIC FACTORS

- The taxpayers approved a 6.9 mil combination continuing levy, 4.5 mil in operating and 1.5 mil in permanent improvements, in May 2023. The operating levy is projected to last three years. With careful and prudent planning and continued cost controls the School District will strive to lengthen the life of this levy.

- The taxpayers approved a 4.45 mil ($103 million) bond issue in November 2014. This issue significantly renovates eight schools and replaces one school. These renovations were completed by the end of 2020 and the bond issue matures on December 1, 2046.

- The taxpayers approved a .5 mil Permanent Improvement levy in November 2014. These funds continue to be added to interest earnings to help fund ongoing capital needs throughout the School District.

- The School District secured strong Standard & Poor's (AA) and Moody's (Aa2) ratings due to moderate overall debt, experienced financial management, stable operating reserves, strong market value per capita and income levels, and strong electorate support.

- Enrollment figures impact all planning efforts of the School District including class size projections, staffing levels, facility usage/building capacities and many other long-term planning efforts. Enrollment continues to be relatively stable with no significant changes projected.

- Commercial and residential property values, including new construction, continue to rebound after several challenging years.

- The School District successfully negotiated new agreements with all three (FHTA, OAPSE #273, OAPSE #177) bargaining units. The term of all three agreements is July 1, 2023 through June 30, 2024.

- With careful financial planning and continued support from the community, management is confident that the School District will continue to provide a high-quality education while maintaining a cost-effective budget.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Forest Hills Local School District, 7946 Beechmont Avenue, Cincinnati, Ohio 45255.

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FOREST HILLS LOCAL SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

		Governmental Activities
Assets:		
Equity in pooled cash and investments	$	42,198,356
Receivables:		
Taxes		63,709,272
Accounts		95,012
Intergovernmental		480,061
Revenue in lieu of taxes		15,000,000
Restricted cash and investments		250,638
Net OPEB asset		9,402,523
Nondepreciable capital assets		2,138,389
Depreciable capital assets, net		111,132,758
Total assets		244,407,009
Deferred Outflows of Resources:		
Pension		24,390,091
OPEB		2,168,380
Total deferred outflows of resources		26,558,471
Liabilities:		
Accounts payable		334,455
Accrued wages and benefits payable		10,018,639
Intergovernmental payable		1,516,548
Unearned revenue		746,356
Claims payable		491,000
Accrued interest payable		309,947
Tax anticipation notes payable		1,275,000
Noncurrent liabilities:		
Due within one year		3,600,337
Due within more than one year:		
Net pension liability		97,838,613
Net OPEB liability		4,528,370
Other amounts due more than one year		96,669,761
Total liabilities		217,329,026
Deferred Inflows of Resources:		
Property taxes levied for next fiscal year		37,999,361
Revenue in lieu of taxes levied for next fiscal year		15,000,000
Pension		9,168,118
OPEB		13,475,916
Total deferred inflows of resources		75,643,395
Net Position:		
Net investment in capital assets		15,808,868
Restricted for:		
Capital projects		1,682,172
Debt service		12,154,825
Other purposes		8,419,241
Endowment:		
Expendable		69,407
Nonexpendable		668,575
Unrestricted (deficit)		(60,810,029)
Total net position	$	(22,006,941)

See accompanying notes to the basic financial statements.

FOREST HILLS LOCAL SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2023

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:					
Instruction:					
Regular	$ 51,010,730	2,860,288	1,245,854	-	$ (46,904,588)
Special education	14,887,980	-	1,794,547	-	(13,093,433)
Other	271,414	-	2,670	-	(268,744)
Support services:					
Pupil	7,235,917	-	213,206	-	(7,022,711)
Instructional staff	4,709,274	-	202,396	-	(4,506,878)
Board of Education	739,390	-	-	-	(739,390)
Administration	6,945,344	360,411	-	-	(6,584,933)
Fiscal	3,800,886	-	-	-	(3,800,886)
Business	259,585	-	-	-	(259,585)
Operation and maintenance of plant	6,580,197	-	101,790	8,247	(6,470,160)
Pupil transportation	4,440,809	-	101,840	-	(4,338,969)
Central	1,391,389	-	-	-	(1,391,389)
Non-instructional services:					
Extracurricular activities	3,315,314	1,390,110	2,562	-	(1,922,642)
Community service	893,242	-	758,682	-	(134,560)
Food service	2,259,995	1,689,499	2,608,946	-	2,038,450
Interest on long-term debt	3,598,148	-	-	-	(3,598,148)
Total Governmental Activities	$ 112,339,614	6,300,308	7,032,493	8,247	(98,998,566)

General Revenues:	
Property taxes, levied for general purposes	48,905,892
Property taxes, levied for debt services	5,770,496
Property taxes, levied for capital projects	621,308
Revenue in lieu of taxes	14,739,274
Grants and entitlements not restricted to specific programs	23,758,465
Investment earnings	1,555,771
Miscellaneous	1,003,820
Total general revenues	96,355,026
Change in net position	(2,643,540)
Net position beginning of year (deficit)	(19,363,401)
Net position end of year (deficit)	$ (22,006,941)

See accompanying notes to the basic financial statements.

FOREST HILLS LOCAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	$ 21,810,211	$ 9,777,288	$ 10,610,857	$ 42,198,356
Restricted cash and investments	250,638	-	-	250,638
Receivables:				
Taxes	56,245,359	6,067,157	1,396,756	63,709,272
Accounts	60,256	-	34,756	95,012
Intergovernmental	-	-	480,061	480,061
Revenue in lieu of taxes	15,000,000	-	-	15,000,000
Interfund receivable	207,606	-	-	207,606
Total assets	$ 93,574,070	$ 15,844,445	$ 12,522,430	$ 121,940,945
Liabilities:				
Accounts payable	$ 242,932	$ -	$ 91,523	$ 334,455
Accrued wages and benefits payable	9,652,348	-	366,291	10,018,639
Intergovernmental payable	1,442,750	-	73,798	1,516,548
Unearned revenue	-	-	746,356	746,356
Interfund payable	-	-	207,606	207,606
Claims payable	491,000	-	-	491,000
Compensated absences payable	206,135	-	-	206,135
Accrued interest payable	-	-	2,327	2,327
Tax anticipation notes payable	-	-	1,275,000	1,275,000
Total liabilities	12,035,165	-	2,762,901	14,798,066
Deferred Inflows of Resources:				
Property taxes levied for next fiscal year	33,505,361	3,382,000	1,112,000	37,999,361
Revenue in lieu of taxes levied for next fiscal year	15,000,000	-	-	15,000,000
Unavailable revenue	1,544,998	185,157	150,965	1,881,120
Total deferred inflows of resources	50,050,359	3,567,157	1,262,965	54,880,481
Fund Balances:				
Nonspendable	-	-	668,575	668,575
Restricted	250,638	12,277,288	8,177,291	20,705,217
Assigned	2,662,601	-	-	2,662,601
Unassigned	28,575,307	-	(349,302)	28,226,005
Total fund balances	31,488,546	12,277,288	8,496,564	52,262,398
Total liabilities, deferred inflows of resources and fund balances	$ 93,574,070	$ 15,844,445	$ 12,522,430	$ 121,940,945

See accompanying notes to the basic financial statements.

FOREST HILLS LOCAL SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$	52,262,398
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			113,271,147
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			1,881,120
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 and convertible bonds	(88,280,000)		
Unamortized premiums	(5,605,844)		
Lease-purchase agreements	(2,030,000)		
Settlement payable	(2,100,000)		
Compensated absences	(2,048,119)		
Accrued interest payable	(307,620)		
Total			(100,371,583)
The net pension and net OPEB liabilities are not due and payable in the current period. The net OPEB asset is not available to pay for current period expenditures. Therefore, the asset, liabilities and related deferred outflows and inflows of resources are not reported in the governmental funds:			
Deferred outflows - pension	24,390,091		
Deferred inflows - pension	(9,168,118)		
Net pension liability	(97,838,613)		
Deferred outflows - OPEB	2,168,380		
Deferred inflows - OPEB	(13,475,916)		
Net OPEB asset	9,402,523		
Net OPEB liability	(4,528,370)		
Total			(89,050,023)
Net Position of Governmental Activities		$	(22,006,941)

FOREST HILLS LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 49,119,890	$ 5,787,289	$ 623,466	$ 55,530,645
Tuition and fees	2,027,323	-	-	2,027,323
Charges for services	1,193,376	-	1,950,516	3,143,892
Investment earnings	-	-	1,724,955	1,724,955
Revenue in lieu of taxes	14,739,274	-	-	14,739,274
Intergovernmental	24,081,553	78,775	7,069,959	31,230,287
Other local revenues	819,659	-	1,319,599	2,139,258
Total revenues	91,981,075	5,866,064	12,688,495	110,535,634
Expenditures:				
Current:				
Instruction:				
Regular	44,825,585	-	1,378,963	46,204,548
Special education	12,550,558	-	1,798,566	14,349,124
Other	296,261	-	2,670	298,931
Support services:				
Pupil	6,938,031	-	223,330	7,161,361
Instructional staff	4,418,174	-	191,419	4,609,593
Board of Education	739,507	-	-	739,507
Administration	6,344,619	-	-	6,344,619
Fiscal	1,754,050	-	7,857	1,761,907
Business	254,734	-	-	254,734
Operation and maintenance of plant	6,577,652	-	128,486	6,706,138
Pupil transportation	4,005,563	-	116,650	4,122,213
Central	1,409,396	-	-	1,409,396
Non-instructional services:				
Extracurricular activities	2,083,234	-	1,307,261	3,390,495
Community service	120,705	-	774,240	894,945
Food service	-	-	2,468,438	2,468,438
Capital outlay	9,221	-	950,476	959,697
Debt Service:				
Principal	375,000	2,190,000	-	2,565,000
Interest and fiscal charges	85,864	3,728,376	30,658	3,844,898
Total expenditures	92,788,154	5,918,376	9,379,014	108,085,544
Excess (deficiency) of revenues over (under) expenditures	(807,079)	(52,312)	3,309,481	2,450,090
Other financing sources (uses):				
Transfers in	-	-	355,728	355,728
Transfers out	(345,000)	-	(10,728)	(355,728)
Total other financing sources (uses):	(345,000)	-	345,000	-
Net change in fund balance	(1,152,079)	(52,312)	3,654,481	2,450,090
Fund balance, beginning of year	32,640,625	12,329,600	4,842,083	49,812,308
Fund balance, end of year	$ 31,488,546	$ 12,277,288	$ 8,496,564	$ 52,262,398

See accompanying notes to the basic financial statements.

FOREST HILLS LOCAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	$	2,450,090
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions		1,708,781
Depreciation expense		(5,855,644)
In the statement of activities, only the loss on the sale or disposal of capital assets is reported while only proceeds from the sale of assets are reported in the funds.		(5,486)
Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds.		(834,074)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		2,565,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated absences		49,352
Interest on long-term debt		8,204
Amortization of bond premiums		238,546
Settlement payable		(2,100,000)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		
Pension		8,518,997
OPEB		84,270
Except for amounts reported as deferred outflows or inflows of resources, changes in the net pension and OPEB assets and liabilities are reported as pension and OPEB expenses in the statement of activities.		
Pension		(11,144,255)
OPEB		1,672,679
Change in Net Position of Governmental Activities	$	(2,643,540)

FOREST HILLS LOCAL SCHOOL DISTRICT

Statement of Net Position

Fiduciary Fund

June 30, 2023

	Private-Purpose Trusts
Assets	
Equity in pooled cash and investments	$ 134,617
Net Position	
Restricted for scholarships	$ 134,617

See accompanying notes to the basic financial statements.

FOREST HILLS LOCAL SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Fund
Year Ended June 30, 2023

		Private-Purpose Trusts
Additions:		
Contributions	$	20,498
Total additions		20,498
Deductions:		
Community gifts, awards and scholarships		22,477
Total deductions		22,477
Change in net position		(1,979)
Net position, beginning of year		136,596
Net position, end of year	$	134,617

See accompanying notes to the basic financial statements.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The School District was originally chartered by the Ohio State Legislature. In 1853, state laws were enacted to create a local Board of Education. Today, the School District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.09 of the Ohio Revised Code. The School District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal guidelines. This Board controls the School District’s instructional and support facilities to provide services to students and other community members.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. This includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The following activity is included within the reporting entity:

Private Schools - Within the School District boundaries, Immaculate Heart of Mary Elementary School, Miami Valley Christian Academy, Altercrest and Rainbow Child Care Center are operated as private schools. Current State legislation provides funding to these private schools, which is received and disbursed on behalf of the private school by the Treasurer of the School District, as directed by the private school. The administration of the State monies by the School District is reflected in a nonmajor special revenue fund for financial reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

A. <u>Reporting Entity</u> – *continued*

The School District is associated with five jointly governed organizations. These organizations are the Hamilton Clermont Cooperative, Unified Purchasing Cooperative of the Ohio River Valley, Great Oaks Institute of Technology and Career Development, the Southwest Ohio Organization of School Health and the Tri-County Computer Services Association. The organizations are presented in Note 13 to the basic financial statements.

B. <u>Basis of Presentation</u>

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The interfund services provided and used are not eliminated in the consolidation.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore identifiable to a particular function. Program revenues include charges paid by the recipient of the 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 which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

C. Fund Accounting

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

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, liabilities, and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

> ***General Fund*** - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** – The bond retirement fund is a debt service fund used to accumulate resources that are restricted for the payment of general obligations bonds' principal, interest and related costs.

Additionally, the School District reports the following fund type:

> ***Fiduciary Funds*** report on net position and changes in net position. The School District's fiduciary fund consists of a private-purpose trust fund that accounts for scholarship programs for students.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

D. Basis of Accounting

Basis of accounting refers to when revenues and expenses/expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

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 except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues - Exchange and Non-exchange transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

D. Basis of Accounting – *continued*

Deferred Inflows of Resources. In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, revenue in lieu of taxes, unavailable revenue, pension and OPEB. Receivables for property taxes and revenue in lieu of taxes represent amounts that are measurable as of June 30, 2023, but are intended to finance 2024 operations. These amounts have been recorded as deferred inflows 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 fund financial statements and represents receivables that will not be collected within the available period (sixty days after fiscal year-end). Deferred inflows of resources from pension and OPEB are reported on the government-wide statement of net position (see Notes 6 and 7).

Deferred Outflows of Resources. In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB (see Notes 6 and 7).

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in several bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

During fiscal year 2023, the School District's investments were comprised of U.S. agency securities, State Treasury Assets Reserve of Ohio (STAR Ohio) and money markets. STAR Ohio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Investments in STAR Ohio are valued at the net asset value per share provided by STAR Ohio on an amortized cost basis at June 30, 2023, which approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

E. Cash and Cash Equivalents – *continued*

The building fund, food service fund, bond retirement fund, permanent improvement fund and the Shanahan Scholarship fund accrue investment earnings. The building fund accrues to the building fund. The Shanahan Scholarship fund accrued to the Shanahan Scholarship fund. The bond retirement fund accrues to the permanent improvement fund. All other interest accrues to the permanent improvement and food service funds.

F. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements but are not reported in the governmental fund financial statements. The School District defines capital assets as those with an individual cost of more than $10,000 and an estimated useful life in excess of five years. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their acquisition cost as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets, except land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings	50 years
Land improvements	15 years
Building improvements	20 - 25 years
Equipment and furniture	7-20 years
Vehicles	12 -15 years

G. Interfund Balances

On the fund financials, receivables and payable resulting from short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the governmental activities' column in the statement of net position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above.

J. Pensions/Other Postemployment Benefits (OPEB)

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

K. Fund Balances

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The "not in a spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts in the general fund represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—*continued*

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A corresponding fund balance restriction has also been established based upon constraints placed upon the balance by state statutes.

M. Net Position

Net position represents the balance between assets and deferred outflows of resources, reduced by liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, donors, grantors or laws or regulations of other governments.

Restricted net position includes an endowment from a donor which is permanently restricted and reported as nonexpendable as well as earnings on the original gift that are restricted to specific purposes and thus, reported as expendable.

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

N. Estimates

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

2. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current two-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.

2. DEPOSITS AND INVESTMENTS—*continued*

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by the State Treasurer's Ohio Pooled Collateral System. Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan 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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, *Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements*, and amended by GASB Statement No. 40, *Deposit and Investment Risk Disclosures*:

2. DEPOSITS AND INVESTMENTS—*continued*

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. At fiscal year-end, $490,532 of the School District's bank balance of $790,992 was exposed to custodial credit risk since it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

The School District's investments at June 30, 2023 were as follows:

	Balance at 6/30/23	Average Weighted Maturity (in years)	Concentration	S&P Ratings
Fair Value				
Level 2				
U.S. Agency Securities	$ 5,979,638	2.84	14%	AA+
Amortized Cost				
Money markets	826,363	0.07	2%	AAAm
STAR Ohio	35,328,244	0.11	84%	AAAm
	$ 42,134,245			

Credit Risk

It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment securities are registered in the name of the School District.

Concentration of Credit Risk

The School District's policy places no limit on the amount it may invest in any one issuer.

2. DEPOSITS AND INVESTMENTS—*continued*

Interest Rate Risk

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

3. PROPERTY TAXES

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

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

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

The School District receives property taxes from the Hamilton County Auditor, who periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023 are available to finance fiscal year 2023 operations.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2023, was $21,195,000 in the general fund, $2,500,000 in the bond retirement fund, and $265,000 in the other governmental funds.

3. PROPERTY TAXES—*continued*

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 1,472,615,700	97.29%	$ 1,479,954,380	97.19%
Public Utility Tangible Personal Property	40,960,500	2.71%	42,840,880	2.81%
Total Assessed Value	$ 1,513,576,200	100.00%	$ 1,522,795,260	100.00%
Tax rate per $1,000 of assessed valuation	$72.94		$72.94	

4. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2023 consisted of the following:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	$ 207,606	$ -	$ -	$ 345,000
Other Governmental Funds	-	207,606	355,728	10,728
Total	$ 207,606	$ 207,606	$ 355,728	$ 355,728

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or (2) use unrestricted revenues collected in the general fund to finance various programs and capital activity accounted for in other funds in accordance with budgetary authorizations.

5. CAPITAL ASSETS

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

		Balance 7/1/22	Additions	Disposals	Balance 6/30/23
Governmental Activities					
Nondepreciable:					
Land	$	2,020,598	-	-	2,020,598
Construction in progress		253,759	1,099,801	(1,235,769)	117,791
Subtotal		2,274,357	1,099,801	(1,235,769)	2,138,389
Depreciable:					
Buildings		48,803,286	-	-	48,803,286
Improvements		120,478,665	1,375,769	-	121,854,434
Machinery and equipment		8,573,946	468,980	(150,178)	8,892,748
Subtotal		177,855,897	1,844,749	(150,178)	179,550,468
Totals at historical cost		180,130,254	2,944,550	(1,385,947)	181,688,857
Less accumulated depreciation:					
Buildings		22,689,127	878,083	-	23,567,210
Improvements		35,060,920	4,407,017	-	39,467,937
Machinery and equipment		4,956,711	570,544	(144,692)	5,382,563
Total accumulated depreciation		62,706,758	5,855,644	(144,692)	68,417,710
Capital assets, net	$	117,423,496	(2,911,094)	(1,241,255)	113,271,147

Depreciation expense was charged to functions as follows:

Instruction:		
Regular	$	4,015,627
Special education		326,305
Other		1,082
Support services:		
Pupil		6,025
Instructional staff		51,689
Administration		456,226
Business		560
Operation and maintenance of plant		243,763
Pupil transportation		530,350
Central		16,207
Community service		6,985
Extracurricular activities		60,893
Food service		138,743
Facilities acquistion and construction		1,189
Total depreciation expense	$	5,855,644

6. PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

6. PENSION PLANS—*continued*

Age and service requirements for retirement are as follows:

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund).

The School District's contractually required contribution to SERS was $1,862,238 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

6. PENSION PLANS—*continued*

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit at age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age or 5 years of service credit and age 60.

The DC Plan allows members to place all 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 liabilities. Effective July 1, 2022, 2.91% of salaries are used to pay for unfunded liabilities. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

6. PENSION PLANS—*continued*

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately $6,656,759 for fiscal year 2023. Of this amount, $1,297,906 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	$ 17,115,413	$ 80,723,200	$ 97,838,613
Proportion of the Net Pension Liability	0.3164%	0.3631%	
Change in Proportion	-0.0069%	-0.0051%	
Pension Expense	$ 1,137,390	$ 10,006,865	$ 11,144,255

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 693,188	$ 1,033,361	$ 1,726,549
Net difference between projected and actual earnings on pension plan investments	-	2,808,990	2,808,990
Change in assumptions	168,881	9,660,141	9,829,022
Change in School District's proportionate share and contributions	286,089	1,220,444	1,506,533
School District's contributions subsequent to the measurement date	1,862,238	6,656,759	8,518,997
Total Deferred Outflows of Resources	$ 3,010,396	$ 21,379,695	$ 24,390,091

6. PENSION PLANS—*continued*

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 112,359	$ 308,793	$ 421,152
Net difference between projected and actual earnings on pension plan investments	597,249	-	597,249
Change in assumptions	-	7,271,310	7,271,310
Change in School District's proportionate share and contributions	117,884	760,523	878,407
Total Deferred Inflows of Resources	$ 827,492	$ 8,340,626	$ 9,168,118

$8,518,997 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	$ 297,024	$ 650,541	$ 947,565
2025	(115,706)	(226,501)	(342,207)
2026	(853,184)	(2,228,373)	(3,081,557)
2027	992,532	8,186,643	9,179,175
	$ 320,666	$ 6,382,310	$ 6,702,976

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.

6. 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:

Inflation	2.40%
Future Salary Increases, including Inflation	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following retirement
Investment Rate of Return	7.00% net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal

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

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

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

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

6. PENSION PLANS—*continued*

Discount Rate – Total pension liability was calculated using the discount rate of 7.0%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%), or one percentage point higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	$25,193,072	$17,115,413	$10,310,097

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.00%
Investment rate of return	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%
Cost-of-living adjustments (COLA)	0%

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

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

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

6. PENSION PLANS—*continued*

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 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%
	100.00%	

** Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' 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 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.0%) or one-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net pension liability	$121,943,369	$80,723,200	$45,863,700

Social Security System

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2023, one of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS

Net OPEB Liability (Asset)

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

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

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

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

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

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS—*continued*

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—SERS' Health Care program provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986 need 10 years of service credit, exclusive of mot types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and, therefore, enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute.

Funding Policy—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, the minimum compensation amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $84,270.

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 Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS health care plans include creditable prescription drug coverage. 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.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS—*continued*

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

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability/(Asset)	$ 4,528,370	$ (9,402,523)	$ (4,874,153)
Proportion of the Net OPEB Liability/(Asset)	0.3225%	0.3631%	
Change in Proportion	-0.0097%	-0.0051%	
(Negative) OPEB Expense	$ (10,832)	$ (1,661,847)	$ (1,672,679)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$ 38,067	$ 136,303	$ 174,370
Net difference between projected and actual earnings on OPEB plan investments	23,536	163,675	187,211
Change in assumptions	720,296	400,516	1,120,812
Change in School District's proportionate share and contributions	437,819	163,898	601,717
School District's contributions subsequent to the measurement date	84,270	-	84,270
Total Deferred Outflows of Resources	$ 1,303,988	$ 864,392	$ 2,168,380
Deferred Inflows of Resources			
Differences between expected and actual experience	$ 2,896,677	$ 1,412,077	$ 4,308,754
Change in assumptions	1,858,929	6,667,291	8,526,220
Change in School District's proportionate share and contributions	598,886	42,056	640,942
Total Deferred Inflows of Resources	$ 5,354,492	$ 8,121,424	$ 13,475,916

$84,270 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (asset) in the year ending June 30, 2024.

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS—*continued*

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	$ (903,015)	$ (2,123,998)	$ (3,027,013)
2025	(926,616)	(2,051,268)	(2,977,884)
2026	(832,457)	(1,001,682)	(1,834,139)
2027	(509,238)	(419,595)	(928,833)
2028	(341,565)	(548,699)	(890,264)
2029	(621,883)	(1,111,790)	(1,733,673)
	$ (4,134,774)	$ (7,257,032)	$ (11,391,806)

Actuarial Assumptions – SERS

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

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

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

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS—*continued*

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

Investment Rate of Return	7.00% net of investment expense, including inflation
Wage Inflation	2.40%
Future Salary Increases, including Inflation	3.25% to 13.58%
Municipal Bond Index Rate:	
Current measurement period	3.69%
Prior measurement period	1.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Current measurement period	4.08%
Prior measurement period	2.27%
Medical Trend Assumption	7.00% - 4.40%

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

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

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

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) 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%)
U.S. Equity	24.75%	5.37%
Non-U.S. Equity Developed	13.50%	6.22%
Non-U.S. Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2044. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2043 and the Municipal Bond Index rate of 3.69% as of June 30, 2022 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability calculated using the discount rate of 4.08%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and one percentage point higher (5.08%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$5,624,304	$4,528,370	$3,643,654

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS—*continued*

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates.

	1% Decrease 6.00% decreasing to 3.40%)	Current Trend Rate 7.00% decreasing to 4.40%)	1% Increase 8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$3,492,186	$4,528,370	$5,881,794

Actuarial Assumptions - STRS

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

Salary increases	Varies by service from 2.5% to 8.5%
Payroll increases	3.0%
Investment rate of return	7.0%, net of investment expenses, including inflation
Discount rate of return	7.0%

Health care cost trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	3.94%
Medicare	-68.78%	3.94%
Prescription Drug		
Pre-Medicare	9.00%	3.94%
Medicare	-5.47%	3.94%

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. Additionally, healthcare trends were updated to reflect emerging claims and recoveries experience.

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

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

7. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) PLANS—*continued*

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 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%
	100.00%	

** Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.*
*** 10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was used to measure the total OPEB liability as of June 30, 2022.

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
School District's proportionate share of the net OPEB (asset)	$ (8,692,383)	$ (9,402,523)	$ (10,010,815)

	1% Decrease	Current Trend Rates	1% Increase
School District's proportionate share of the net OPEB (asset)	$ (9,752,702)	$ (9,402,523)	$ (8,960,504)

8. RISK MANAGEMENT

The School District maintains comprehensive insurance with private carriers for real property, building contents, vehicles and general liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

The School District provides medical, prescription drug, vision, dental, life and other group insurance coverage through its participation in the Southwest Ohio Organization of School Health (SWOOSH) consortium (see Note 13). Health insurance is offered through Anthem Blue Cross Blue Shield on a self-insured basis. Each SWOOSH member district retains its own plan, but the self-funding is an aggregate of the estimated claims and reserve build.

The School District self-insures its workers' compensation costs. Expenses for claims are recorded on the current basis based on an actuarially determined charge per employee. The School District accounts for the activities of this program in the general fund in accordance with GASB Statement No. 10.

A summary of the changes in the self-insurance workers' compensation claims liability during fiscal years 2023 and 2022 are as follows:

	2023	2022
Claims liability at July 1	$ 450,000	$ 400,000
Claims incurred	214,262	206,747
Claims paid	(173,262)	(156,747)
Claims liability at June 30	$ 491,000	$ 450,000

9. EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn one to twenty-five days of vacation per fiscal year, depending upon length of service. The Treasurer can earn up to thirty days. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to maximum of 275 days for teachers and administrators and 260 days for classified employees. Upon retirement of certified employees, payment is made for one-half of accrued, but unused sick leave, however, this amount is reduced to only twenty five percent if they do not leave when first eligible.

10. TAX ANTICIPATION NOTES

In May 2017, the School District issued $3 million in direct borrowing tax anticipation notes to finance capital improvements. The notes were issued with an interest rate of 2.19% and mature on December 1, 2026. Payments were made from the permanent improvement fund.

	Principal Outstanding 7/1/22	Additions	Reductions	Principal Outstanding 6/30/23
Governmental Activities:				
2.19% Tax anticipation notes	$ 1,575,000	$ -	$ (300,000)	$ 1,275,000

11. LONG-TERM OBLIGATIONS

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Principal Outstanding 7/1/22	Additions	Reductions	Principal Outstanding 6/30/23	Amounts Due in One Year
Governmental Activities:					
General obligation bonds	$ 89,715,000	$ -	$ (2,190,000)	$ 87,525,000	$ 2,275,000
Add issuance premium	5,844,390	-	(238,546)	5,605,844	-
Direct placement:					
Convertible bonds	825,000	-	(70,000)	755,000	75,000
Direct borrowing:					
Lease-purchase agreements	2,335,000		(305,000)	2,030,000	315,000
Settlement payable (see Note 14)	-	2,100,000	-	2,100,000	500,000
Compensated absences	2,383,764	374,971	(504,481)	2,254,254	435,337
Total	$ 101,103,154	$ 2,474,971	$ (3,308,027)	$ 100,270,098	$ 3,600,337

General Obligation Bonds

On February 5, 2015, the School District issued $103,000,000 of Series 2015 general obligation school improvement bonds to finance the costs of new construction, improvements, renovations, and additions to school facilities. The Series 2015 bond bear interest rates of 1.5% to 5.0% and mature on December 1, 2046. The payments were made from the bond retirement fund.

On March 29, 2016, the School District issued $1,200,000 of direct placement Series 2016 convertible bonds to refinance the short-term general obligation notes that were issued to finance the purchase of land and building for replacement administrative offices. The Series 2016 bonds bear interest rates of 2.88% to 4.43% and mature on December 1, 2031. The payments were made from the general fund.

11. LONG-TERM OBLIGATIONS—*continued*

Lease-Purchase Agreements

During fiscal year 2019, the School District entered into two direct borrowing lease-purchase agreements. The Series 2018A agreement for $2,000,000 was issued for the purchase of a bus compound. This agreement bears interest at 2.869% and matures on December 1, 2028. The Series 2018B agreement for $1,200,000 was issued for the purchase of eleven buses. This agreement bears interest at 2.93% and matures on December 1, 2028. The payments will be made from the general fund.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences will be paid from the fund from which the employees' salaries are paid. The School District's voted legal debt margin was $48,771,573 with an unvoted debt margin of $1,522,795 at June 30, 2023.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2023, are as follows:

Fiscal Year	General Obligation Bonds			Direct Placement-Convertible Bonds		
Ending June 30,	Principal	Interest	Total	Principal	Interest	Total
2024	$ 2,275,000	$ 3,565,488	$ 5,840,488	$ 75,000	$ 20,664	$ 95,664
2025	2,365,000	3,472,688	5,837,688	75,000	18,504	93,504
2026	2,460,000	3,376,188	5,836,188	80,000	16,272	96,272
2027	2,560,000	3,275,788	5,835,788	80,000	13,968	93,968
2028	2,660,000	3,171,388	5,831,388	85,000	11,592	96,592
2029-2033	14,985,000	14,161,601	29,146,601	360,000	21,168	381,168
2034-2038	17,970,000	11,147,468	29,117,468	-	-	-
2039-2043	21,380,000	7,612,663	28,992,663	-	-	-
2044-2047	20,870,000	2,150,750	23,020,750	-	-	-
Total	$ 87,525,000	$ 51,934,022	$ 139,459,022	$ 755,000	$ 102,168	$ 857,168

Fiscal Year	Direct Borrowing Lease-Purchases		
Ending June 30,	Principal	Interest	Total
2024	$ 315,000	$ 54,149	$ 369,149
2025	325,000	44,895	369,895
2026	335,000	35,353	370,353
2027	345,000	25,520	370,520
2028	350,000	15,471	365,471
2029	360,000	5,206	365,206
Total	$ 2,030,000	$ 180,594	$ 2,210,594

12. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Scholarships	$ -	$ -	$ 668,575	$ 668,575
Restricted for				
Food Service Operations	-	-	4,821,994	4,821,994
Athletics	-	-	648,596	648,596
Auxilliary Schools	-	-	65,604	65,604
State Grant Programs	-	-	-	-
Federal Grant Programs	-	-	-	-
Other Purposes	250,638	-	425,116	675,754
Debt Service Payments	-	12,277,288	-	12,277,288
Capital Improvements	-	-	2,215,981	2,215,981
Total Restricted	250,638	12,277,288	8,177,291	20,705,217
Assigned to				
Encumbrances	2,210,868	-	-	2,210,868
Other Purposes	451,733	-	-	451,733
Total Assigned	2,662,601	-	-	2,662,601
Unassigned (Deficit)	28,575,307	-	(349,302)	28,226,005
Total Fund Balance	$ 31,488,546	$ 12,277,288	$ 8,496,564	$ 52,262,398

At June 30, 2023, the following funds had deficit fund balances:

Other Governmental Funds:	
ESSER Fund	$ 248,410
IDEA, Part B Fund	78,286
IDEA Preschool Grant Fund	6,160
Miscellaneous Federal Grant Fund	16,446

The deficits were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

13. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton Clermont Cooperative

The Hamilton Clermont Cooperative (HCC) is a jointly governed organization among a two-county consortium of school districts. HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The executive committee is the managerial body responsible for directing and supervising the daily operation of HCC. The executive committee is composed of up to 12 members; two superintendents from each county, the superintendent from each county educational service center (ESC), one treasurer from each county, and the treasurer from each county ESC serving as non-voting ex officio members. The School District paid approximately $174,557 for services provided during fiscal year 2023. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

Unified Purchasing Cooperative of the Ohio River Valley

The Unified Purchasing Cooperative of the Ohio River Valley (UPC) is a council of governments joined formed for the purpose of pooling purchasing power in order to obtain the best prices for quality products and services. The UPC is governed by a Board of Directors that includes: one representative each from Hamilton County, Clermont County, Butler County, Kentucky and Indiana; one at-large representative from a public school district with an enrollment greater than 5,000 students; the superintendent of the Hamilton County Educational Service Center; and the superintendent of the Clermont County Educational Service Center. Complete financial statements for UPC can be obtained from their administrative offices 7615 Harrison Avenue, Cincinnati, Ohio 45231.

The Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

13. JOINTLY GOVERNED ORGANIZATIONS—*continued*

Southwest Ohio Organization of School Health

The School District is a participant in the Southwest Ohio Organization of School Health (SWOOSH) consortium. The SWOOSH is a health and wellness consortium for school districts and government agencies, providing medical, prescription drug, vision, dental, life and/or other group insurance coverage. Each district has its own plan design, individual rates for plans based on performance and wellness plans geared toward each district's participants. Currently, the SWOOSH includes eight school districts and 3,900 enrolled employees. The SWOOSH is governed by a Board of Directors comprised of the Superintendent or a designee from each district. The Board exercises total control over the operations of the SWOOSH including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The Treasurer of the Forest Hills Local School District services as the Treasurer of SWOOSH. Financial information for the SWOOSH can be obtained from Alana Cropper, Treasurer of the Forest Hills Local School District, at 7946 Beechmont Avenue, Cincinnati, Ohio 45255.

Tri-County Computer Services Association

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization formed to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions. TCCSA is governed by representatives from each of the participating public school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per-pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691. During the fiscal year ending June 30, 2023, the School District paid $117,443 for basic service charges.

14. CONTINGENCIES

Federal and State Funding

The School District received financial assistance from Federal and state agencies in the form of grants. The expenditures of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

14. CONTINGENCIES—*continued*

School Foundation Funding

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

Litigation

The School District is party to legal proceedings. In November 2023, the School District entered into a settlement agreement with Performance Construction to resolve an ongoing 2019 lawsuit related to disputes on Anderson High School building improvements. Under the settlement terms, the School District will pay Performance Construction $2.1 million, with $500,000 due upon execution of the settlement agreement and $200,000 due annually over an 8-year period. Insurance will reimburse $250,000 of the first payment.

The School District is of the opinion that the ultimate disposition of any additional claims will not have a material effect, if any, on the financial condition of the School District.

15. REQUIRED SET-ASIDES

The School District is required by State Statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Although no longer required by state statute, a budget stabilization reserve may still be set aside at the discretion of the School District.

15. REQUIRED SET-ASIDES—*continued*

The following cash basis information describes the change in the year-end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	Capital Improvements	Budget Stablization
Set-aside reserve balance at June 30, 2022	$ -	$ 250,638
Current year set-aside requirement	1,562,784	-
Current year qualifying expenditures	(1,410,600)	-
Current year offsets	(981,713)	-
Total	(829,529)	250,638
Balance carried forward to FY2024	$ -	$ 250,638
Set-aside reserve balance at June 30, 2023	$ -	$ 250,638

The School District had qualifying disbursements and offsets during the year that reduced the set aside amount for capital and maintenance to below zero.

16. CONTRACTUAL COMMITMENTS

Contracts

As of June 30, 2023, the School District had entered into various contracts for services, renovations and improvements under which it had a remaining unperformed and unpaid total commitment of approximately $2,428,000 in the general fund and $1,447,000 in other governmental funds.

Encumbrances

The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2023, the amount of encumbrances expected to be honored upon performance by the respective vendors in the next fiscal year were as follows:

General Fund	$ 2,427,662
Other Governmental Funds	1,421,292
	$ 3,848,954

17. TAX ABATEMENTS ENTERED INTO BY OTHER GOVERMENTS

Other governments have entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program within taxing districts of the School District. The CRA program is a direct incentive tax exemption program benefiting property owners who renovate existing buildings or construct new buildings. Under this program, the other governments have designated areas to encourage revitalization of the existing structures and the development of new structures.

The School District has incurred a reduction in property tax receipts due to agreements entered into by other governments. During tax year 2022, the School District's property tax receipts were reduced under agreements entered into by other governments by $4,580,050.

The School District is not receiving any amounts from these other governments in association with the forgone property tax receipts.

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REQUIRED SUPPLEMENTARY INFORMATION

FOREST HILLS LOCAL SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget
Revenues:				
Taxes	$ 49,724,732	$ 49,961,431	$ 49,961,431	-
Tuition and fees	1,987,200	1,933,337	1,933,337	-
Intergovernmental	23,598,975	24,100,522	24,100,522	-
Revenue in lieu of taxes	13,338,945	14,739,274	14,739,274	-
Other local revenues	244,700	985,714	985,714	-
Total revenues	88,894,552	91,720,278	91,720,278	-
Expenditures:				
Current:				
Instruction:				
Regular	43,581,532	43,359,033	43,359,033	-
Special education	11,754,660	12,363,896	12,363,896	-
Other instruction	306,942	316,901	316,901	-
Support services:				
Pupil	7,413,123	7,054,178	7,054,178	-
Instructional staff	5,108,763	4,908,772	4,908,772	-
Board of Education	635,407	819,715	819,715	-
Administration	6,044,735	5,678,567	5,678,567	-
Fiscal	1,898,862	1,757,187	1,757,187	-
Business	315,196	246,829	246,829	-
Operation and maintenance of plant	7,170,362	6,759,314	6,759,314	-
Pupil transportation	4,255,246	4,599,239	4,599,239	-
Central	1,166,037	1,380,839	1,380,839	-
Non-instructional services:				
Community services	132,698	72,511	72,511	-
Extracurricular activities	2,281,217	2,049,529	2,049,529	-
Capital outlay	10,520	54,121	54,121	-
Debt service	481,500	460,864	460,864	-
Total expenditures	92,556,800	91,881,495	91,881,495	-
Excess expenditures over revenues	(3,662,248)	(161,217)	(161,217)	-
Other financing sources (uses):				
Transfers out	(495,000)	(495,000)	(495,000)	-
Other financing sources	610,740	218,690	218,690	-
Other financing uses	(1,861,029)	(2,203)	(2,203)	-
Total other financing sources (uses):	(1,745,289)	(278,513)	(278,513)	-
Net change in fund balance	(5,407,537)	(439,730)	(439,730)	$ -
Fund balance, beginning of year	17,401,564	17,401,564	17,401,564	
Prior year encumbrances appropriated	1,474,654	1,474,654	1,474,654	
Fund balance, end of year	$ 13,468,681	$ 18,436,488	$ 18,436,488	

See accompanying notes to required supplementary information.

FOREST HILLS LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3395%	$ 20,190,938	$ 9,874,559	204.47%	65.52%
2015	0.3395%	17,183,572	9,965,823	172.43%	71.70%
2016	0.3366%	19,206,488	12,849,059	149.48%	69.16%
2017	0.3409%	24,950,009	12,224,750	204.09%	62.98%
2018	0.3209%	19,175,029	12,962,436	147.93%	69.50%
2019	0.3339%	19,122,956	11,394,770	167.82%	71.36%
2020	0.3252%	19,459,514	11,949,970	162.84%	70.85%
2021	0.3077%	20,353,463	13,137,993	154.92%	68.55%
2022	0.3233%	11,929,396	13,246,136	90.06%	82.86%
2023	0.3164%	17,115,413	13,306,071	128.63%	75.82%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 1,381,263	$ (1,381,263)	$ -	$ 9,965,823	13.86%
2015	1,693,506	(1,693,506)	-	12,849,059	13.18%
2016	1,711,465	(1,711,465)	-	12,224,750	14.00%
2017	1,814,741	(1,814,741)	-	12,962,436	14.00%
2018	1,538,294	(1,538,294)	-	11,394,770	13.50%
2019	1,613,246	(1,613,246)	-	11,949,970	13.50%
2020	1,839,319	(1,839,319)	-	13,137,993	14.00%
2021	1,854,459	(1,854,459)	-	13,246,136	14.00%
2022	1,862,850	(1,862,850)	-	13,306,071	14.00%
2023	1,862,238	(1,862,238)	-	13,301,700	14.00%

See Notes to Required Supplementary Information.

FOREST HILLS LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net Pension Liability
and School District Pension Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.3428%	$ 99,331,372	$ 38,348,631	259.02%	69.3%
2015	0.3428%	83,388,111	37,722,192	221.06%	74.7%
2016	0.3417%	94,422,122	36,656,393	257.59%	72.1%
2017	0.3543%	118,582,833	39,162,093	302.80%	66.8%
2018	0.3490%	82,915,338	41,580,450	199.41%	75.3%
2019	0.3607%	79,307,750	46,002,314	172.40%	77.3%
2020	0.3670%	81,328,661	47,871,071	169.89%	77.4%
2021	0.3655%	88,426,952	49,684,757	177.98%	75.5%
2022	0.3682%	47,078,946	49,429,700	95.24%	87.8%
2023	0.3631%	80,723,200	47,208,014	170.99%	78.9%

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

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2014	$ 4,903,885	$ (4,903,885)	$ -	$ 37,722,192	13.0%
2015	5,131,895	(5,131,895)	-	36,656,393	14.0%
2016	5,482,693	(5,482,693)	-	39,162,093	14.0%
2017	5,821,263	(5,821,263)	-	41,580,450	14.0%
2018	6,440,324	(6,440,324)	-	46,002,314	14.0%
2019	6,701,950	(6,701,950)	-	47,871,071	14.0%
2020	6,955,866	(6,955,866)	-	49,684,757	14.0%
2021	6,920,158	(6,920,158)	-	49,429,700	14.0%
2022	6,609,122	(6,609,122)	-	47,208,014	14.0%
2023	6,656,759	(6,656,759)	-	47,548,279	14.0%

See Notes to Required Supplementary Information.

FOREST HILLS LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability
and School District OPEB Contributions
School Employees Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.3447%	$ 9,825,394	$ 12,224,750	80.37%	11.49%
2018	0.3257%	8,740,234	12,962,436	67.43%	12.46%
2019	0.3366%	9,339,410	11,394,770	81.96%	13.57%
2020	0.3319%	8,347,845	11,949,970	69.86%	15.57%
2021	0.3152%	6,851,368	13,137,993	52.15%	18.17%
2022	0.3322%	6,287,111	13,246,136	47.46%	24.08%
2023	0.3225%	4,528,370	13,306,071	34.03%	30.34%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ 171,204	$ (171,204)	$ -	$ 12,224,750	1.40%
2017	177,506	(177,506)	-	12,962,436	1.37%
2018	229,535	(229,535)	-	11,394,770	2.01%
2019	256,014	(256,014)	-	11,949,970	2.14%
2020	183,244	(183,244)	-	13,137,993	1.39%
2021	207,946	(207,946)	-	13,246,136	1.57%
2022	205,366	(205,366)	-	13,306,071	1.54%
2023	84,270	(84,270)	-	13,301,700	0.63%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) Includes Surcharge.

See Notes to Required Supplementary Information.

FOREST HILLS LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)
and School District OPEB Contributions
State Teachers Retirement System of Ohio

Measurement Date Fiscal Year (1)(2)	School District's Proportion of the Net OPEB Liability/ (Asset)	School District's Proportionate Share of the Net OPEB Liability/ (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.3543%	$ 181,946,130	$ 39,162,093	464.60%	37.3%
2018	0.3490%	13,618,275	41,580,450	32.75%	47.1%
2019	0.3607%	(5,795,928)	46,002,314	(12.60%)	176.0%
2020	0.3678%	(6,091,044)	47,871,071	(12.72%)	174.7%
2021	0.3655%	(6,422,853)	49,684,757	(12.93%)	182.1%
2022	0.3682%	(7,763,408)	49,429,700	(15.71%)	174.7%
2023	0.3631%	(9,402,523)	47,208,014	(19.92%)	230.7%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

Fiscal Year (3)	Contractually Required Contributions (4)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016	$ -	$ -	$ -	$ 39,162,093	0.00%
2017	-	-	-	41,580,450	0.00%
2018	-	-	-	46,002,314	0.00%
2019	-	-	-	47,871,071	0.00%
2020	-	-	-	49,684,757	0.00%
2021	-	-	-	49,429,700	0.00%
2022	-	-	-	47,208,014	0.00%
2023	-	-	-	47,548,279	0.00%

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) STRS allocated the entire 14% employer contribution rate towards pension benefits.

See Notes to Required Supplementary Information.

Note A **Budgetary Basis of Accounting**

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

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

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

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

Encumbrances are treated as expenditures for all funds (budget basis) rather than as a component of fund balance (restricted, committed, or assigned) for governmental fund types (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

		General
Net change in fund balance - GAAP Basis	$	(1,152,079)
Increase / (decrease):		
Due to inclusion of Uniform School Supply Fund		(228,214)
Due to inclusion of Public School Support Fund		36,935
Due to inclusion of Workers' Compensation Self-Insurance Fund		23,166
Due to revenues		1,095,720
Due to expenditures		1,995,917
Due to other sources (uses)		216,487
Due to encumbrances		(2,427,662)
Net change in fund balance - Budget Basis	$	(439,730)

Notes to Pension Information

Changes of Benefit Terms

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

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

Changes of Assumptions

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

For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

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

For measurement period 2020, the assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

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

Notes to Pension Information

Changes of Benefit Terms

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

Changes of Assumptions

For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

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

Notes to OPEB Information

Changes of Benefit Terms

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

For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For the measurement period 2019, there was no change to the claims cost process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

Notes to OPEB Information (continued)

Changes of Assumptions

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* **,** and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trends were modified along with the portion of rebated prescription drug costs.

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

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

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

FOREST HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Pass Through Entity Number**	**Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	$ 298,376
Cash Assistance:			
School Breakfast Program	10.553	3L70	96,695
School Breakfast Program	10.553	3L70	24,469
National School Lunch Program	10.555	3L60	1,036,780
National School Lunch Program	10.555	3L60	682,195
COVID-19 School Lunch Program	10.555	3L60	124,638
COVID-19 School Lunch Program	10.555	3L60	167,092
COVID 19-Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	3HF0	628
Total U.S. Department of Agriculture - Total Child Nutrition Cluster			**2,430,873**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies:			
Title I-A Improving Basic Programs	84.010	S010A200035	13,161
Title I-A Improving Basic Programs	84.010	S010A210035	504,948
Title I-D Delinquent Grant	84.010	S010A210035	42,141
Title I Expanding Opportunities for Each Child	84.010A	S010A210035	9,386
Total Title I Grants to Local Educational Agencies			569,636
Special Education Cluster:			
Special Education-Grants to States (IDEA Part B)	84.027	H027A200111	73,858
Special Education-Grants to States (IDEA Part B)	84.027	H027A210111	1,136,258
COVID-19 Special Education-Grants to States (ARP IDEA)	84.027X	H027X210111	258,730
Special Education Preschool Grant	84.173	H173A210119	26,577
COVID-19 Special Education-Grants to States (ARP IDEA)	84.173X	H173A210119	20,816
Total Special Education Cluster			1,516,239
English Language Acquisition State Grants	84.365	S365A200035	7,197
English Language Acquisition State Grants	84.365	S365A210035	9,065
Total English Languance Acquisition State Grants			16,262
Title II-A Supporting Effective Instruction	84.367	S367A200034	32,233
Title II-A Supporting Effective Instruction	84.367	S367A210034	126,233
Total Title II-A Supporting Effective Instruction			158,466
Title IV-A Student Support and Academic Enrichment	84.424A	S424A210036	24,786
Total Title IV-A Student Support and Academic Enrichment			24,786
COVID-19 Elementary Secondary School Emergency Relief-ARP	84.425U	S425U210035	2,121,656
COVID-19 Elementary Secondary School Emergency Relief-ARP Homeless	84.425U	S425U210035	6,897
Total Elementary and Secondary School Emergency Relief			2,128,553
Total U.S. Department of Education			**4,413,942**
FEDERAL COMMUNICATIONS COMMISSION (FCC)			
COVID-19 Emergency Connectivity Fund Grant	32.009	N/A	16,446
COVID-19 K-12 School Safety Grant	21.027	N/A	38,679
Total U.S. Federal Communication Commission			**55,125**
Total Federal Awards Expenditures			**$ 6,899,940**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

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

Forest Hills Local School District
Hamilton County
7946 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Forest Hills Local School District, Hamilton 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 January 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio
January 30, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

Forest Hills Local School District
Hamilton County
7946 Beechmont Avenue
Cincinnati, Ohio 45255

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Forest Hills Local School District's, Hamilton County, (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 each of Forest Hills Local School District's major federal programs for the year ended June 30, 2023. Forest Hills Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each 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 Each 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 each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio
January 30, 2024

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FOREST HILLS LOCAL SCHOOL DISTRICT
HAMILTON COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	84.425U - Elementary and Secondary School Emergency Relief (ESSER) 84.027 and 84.173 - Special Education Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

FOREST HILLS LOCAL SCHOOL DISTRICT

HAMILTON 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 2/13/2024

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