OHIO AUDITOR OF STATE
KEITH FABER

JEFFERSON AREA LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2023

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88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Jefferson Area Local School District
Ashtabula County
121 South Poplar Street
Jefferson, Ohio 44047

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 Jefferson Area Local School District, Ashtabula 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 Jefferson Area Local School District, Ashtabula County, Ohio as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are 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 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 29, 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 29, 2024

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

Financial Highlights

Key highlights for fiscal year 2023 are as follows:

- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

- The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment.

Using this Annual Financial Report (AFR)

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Jefferson Area Local School District, the general, bond retirement debt service and ESSER special revenue funds are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the statement of net position and the statement of activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement debt service fund and the Elementary and Secondary School Emergency Relief (ESSER) special revenue fund.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The School District's fiduciary fund is custodial and accounts for student activities.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for 2023 compared to 2022:

Table 1
Net Position
Governmental Activities

	2023	Restated 2022	Change
Assets			
Current and Other Assets	$20,877,811	$20,593,351	$284,460
Net OPEB Asset	1,452,032	1,216,411	235,621
Capital Assets	42,222,728	42,489,366	(266,638)
Total Assets	$64,552,571	$64,299,128	$253,443

(continued)

Table 1
Net Position (continued)
Governmental Activities

	2023	Restated 2022	Change
Deferred Outflows of Resources			
Pension	$3,833,525	$3,997,854	($164,329)
OPEB	345,870	436,372	(90,502)
Total Deferred Outflows of Resources	4,179,395	4,434,226	(254,831)
Liabilities			
Current Liabilities	1,787,816	1,977,236	189,420
Long-Term Liabilities			
Due within One Year	1,185,774	1,092,663	(93,111)
Due in More than One Year:			
Net Pension Liability	15,655,374	9,556,962	(6,098,412)
Net OPEB Liability	846,971	1,152,111	305,140
Other Amounts Due in More Than One Year	10,884,836	11,866,513	981,677
Total Liabilities	30,360,771	25,645,485	(4,715,286)
Deferred Inflows of Resources			
Deferred Gain on Refunding	372,463	415,439	42,976
Property Taxes	6,470,492	6,460,116	(10,376)
Pension	1,597,469	7,606,518	6,009,049
OPEB	2,178,458	2,064,087	(114,371)
Total Deferred Inflows of Resources	10,618,882	16,546,160	5,927,278
Net Position			
Net Investment in Capital Assets	30,732,696	30,047,324	685,372
Restricted for:			
Capital Projects	1,915,366	2,306,501	(391,135)
Debt Service	2,044,996	1,922,377	122,619
OPEB Plan	334,692	93,709	240,983
Unclaimed Monies	992	749	243
Other Purposes	1,551,978	1,393,017	158,961
Unrestricted (Deficit)	(8,828,407)	(9,221,968)	393,561
Total Net Position	$27,752,313	$26,541,709	$1,210,604

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

Table 2 shows the changes in net position for fiscal year 2023 compared to 2022.

Table 2
Change in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$905,850	$459,698	$446,152
Operating Grants and Contributions	5,168,521	4,501,568	666,953
Capital Grants	41,497	41,694	(197)
Total Program Revenues	6,115,868	5,002,960	1,112,908
General Revenues:			
Property Taxes	6,996,548	4,917,754	2,078,794
Grants and Entitlements not Restricted to Specific Programs	9,245,363	9,377,783	(132,420)
Unrestricted Contributions	8,313	5,973	2,340
Investment Earnings and Other Interest	213,132	5,188	207,944
Miscellaneous	588,761	475,923	112,838
Total General Revenues	17,052,117	14,782,621	2,269,496
Total Revenues	$23,167,985	$19,785,581	$3,382,404

(continued)

Table 2
Change in Net Position
Governmental Activities (continued)

	2023	2022	Change
Program Expenses			
Instruction	$12,150,513	$11,204,841	($945,672)
Support Services:			
Pupil and Instructional Staff	1,852,109	1,944,331	92,222
Board of Education, Administration, Fiscal and Business	2,302,502	1,750,692	(551,810)
Operation and Maintenance of Plant	1,941,026	1,695,440	(245,586)
Pupil Transportation	1,632,300	1,220,347	(411,953)
Central	212,871	196,509	(16,362)
Operation of Non-instructional Services	111,555	125,462	13,907
Operation of Food Services	721,014	755,649	34,635
Extracurricular Activities	855,415	700,888	(154,527)
Interest	178,076	359,363	181,287
Total Program Expenses	21,957,381	19,953,522	(2,003,859)
Change in Net Position	1,210,604	(167,941)	1,378,545
Net Position Beginning of Year	26,541,709	26,709,650	(167,941)
Net Position End of Year	$27,752,313	$26,541,709	$1,210,604

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid. Thus School District's dependence upon property taxes is hampered by a lack of revenue growth so it must regularly return to the voters to maintain a constant level of service. Property taxes made up 30.20 percent of total revenues for governmental activities in fiscal year 2023. This is an increase of 5.34 percent from the previous fiscal year.

Although the School District relies upon local property taxes to support its operations, a large share of general fund revenue is received from the State of Ohio through the State Foundation Formula. This funding is directly impacted by the enrollment of the School District. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2023 compared to 2022.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	$12,150,513	$9,374,184	$11,204,841	$9,000,983
Support Services:				
Pupil and Instructional Staff	1,852,109	162,188	1,944,331	1,066,164
Board of Education, Administration, Fiscal and Business	2,302,502	1,949,467	1,750,692	1,746,747
Operation and Maintenance of Plant	1,941,026	1,843,370	1,695,440	1,451,129
Pupil Transportation	1,632,300	1,420,043	1,220,347	1,120,932
Central	212,871	205,671	196,509	189,309
Operation of Non-Instructional Services	111,555	94,620	125,462	108,909
Operation of Food Services	721,014	(70,962)	755,649	(547,843)
Extracurricular Activities	855,415	684,856	700,888	454,869
Interest	178,076	178,076	359,363	359,363
Total	$21,957,381	$15,841,513	$19,953,522	$14,950,562

The School District's Funds

Information about the School District's major funds starts with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in expenditures from the prior fiscal year. The general fund revenues increased as a result of an increase in property taxes, tuition and fees, interest and miscellaneous revenue. Overall revenues outpaced expenditures and the general fund ended the year with an increase in fund balance. The bond retirement fund balance increased due to revenues exceeding the pay down of debt during the current fiscal year. The ESSER special revenue fund balance decreased due to expenditures outpacing revenues. The School District continues to look for grants to help offset the operating expenditures of the School District and to better provide services to our students.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget several times. For the general fund, the actual revenue was in line with the final budget basis revenue as the School District requested a year-end amended certificate that matched actual revenues. The School District's actual expenditures were slightly lower than the final budgeted appropriations. The School District continues to provide a quality education while still controlling the costs of that quality education.

Capital Assets and Debt Administration

Capital Assets

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

Table 4
Capital Assets at June 30
Net of Depreciation
Governmental Activities

	2023	Restated 2022	Change
Land	$646,340	$646,340	$0
Land Improvements	1,697,536	1,940,898	(243,362)
Buildings and Improvements	38,550,744	38,854,054	(303,310)
Furniture and Fixtures	622,873	506,281	116,592
Vehicles	695,323	524,594	170,729
Intangible Right to Use Lease - Equipment	3,793	4,960	(1,167)
Intangible Right to Use Subscription - Software	6,119	12,239	(6,120)
Total	$42,222,728	$42,489,366	($266,638)

The decrease in capital assets was the result of an additional year of annual depreciation/amortization on all capital assets, other than land, outpacing capital asset additions. Additions included building improvements, vehicles and equipment. See Note 14 for additional information.

Debt

At June 30, 2023 the School District had $11,113,326 in bonds outstanding with $835,000 due within one year. Table 5 summarizes general obligation bonds outstanding for governmental activities.

Table 5
Outstanding Debt at June 30
Governmental Activities

	2023	2022	Change
2020 Refunding Bonds	$11,113,326	$12,021,402	($908,076)

More information regarding long-term debt obligations of the School District is presented in Note 15.

Challenges and Opportunities

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges. These challenges stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong.

With the School District facing economic challenges in the future due to State and Federal reductions and unsettled issues in school funding, the Board of Education continues to place cost reduction factors into the budget. Like many school districts in the State of Ohio the School District remains vigilant to financially meet the academic needs of all of the students as well as remain cost efficient in its operations. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Brian Stevens, Treasurer, Jefferson Area Local Schools, 121 South Poplar Street, Jefferson, Ohio 44047.

Jefferson Area Local School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$13,129,831
Accounts Receivable	3,673
Intergovernmental Receivable	302,744
Prepaid Items	25,979
Inventory Held for Resale	24,472
Materials and Supplies Inventory	5,290
Property Taxes Receivable	7,385,822
Net OPEB Asset (See Note 22)	1,452,032
Nondepreciable Capital Assets	646,340
Depreciable Capital Assets, Net	41,576,388
Total Assets	64,552,571
Deferred Outflows of Resources	
Pension	3,833,525
OPEB	345,870
Total Deferred Outflows of Resources	4,179,395
Liabilities	
Accounts Payable	156,619
Accrued Wages and Benefits	1,183,110
Intergovernmental Payable	413,222
Unearned Revenue	8,751
Accrued Interest Payable	26,114
Long-Term Liabilities:	
Due Within One Year	1,185,774
Due In More Than One Year:	
Net Pension Liability (See Note 21)	15,655,374
Net OPEB Liability (See Note 22)	846,971
Other Amounts	10,884,836
Total Liabilities	30,360,771
Deferred Inflows of Resources	
Deferred Charges on Refunding	372,463
Property Taxes	6,470,492
Pension	1,597,469
OPEB	2,178,458
Total Deferred Inflows of Resources	10,618,882
Net Position	
Net Investment in Capital Assets	30,732,696
Restricted for:	
Capital Projects	1,915,366
Debt Service	2,044,996
OPEB Plan	334,692
Unclaimed Monies	992
Other Purposes	1,551,978
Unrestricted (Deficit)	(8,828,407)
Total Net Position	$27,752,313

See accompanying notes to the basic financial statements

Jefferson Area Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$8,873,556	$386,288	$496,602	$0	($7,990,666)
Special	3,276,957	151,642	1,741,797	0	(1,383,518)
Support Services:					
Pupil	1,072,107	0	738,064	0	(334,043)
Instructional Staff	780,002	0	951,857	0	171,855
Board of Education	20,608	0	0	0	(20,608)
Administration	1,642,751	0	353,035	0	(1,289,716)
Fiscal	631,393	0	0	0	(631,393)
Business	7,750	0	0	0	(7,750)
Operation and Maintenance of Plant	1,941,026	0	56,159	41,497	(1,843,370)
Pupil Transportation	1,632,300	0	212,257	0	(1,420,043)
Central	212,871	0	7,200	0	(205,671)
Operation of Non-Instructional Services	111,555	16,935	0	0	(94,620)
Operation of Food Services	721,014	185,372	606,604	0	70,962
Extracurricular Activities	855,415	165,613	4,946	0	(684,856)
Interest	178,076	0	0	0	(178,076)
Totals	$21,957,381	$905,850	$5,168,521	$41,497	(15,841,513)

General Revenues	
Property Taxes Levied for:	
General Purposes	5,408,076
Debt Service	1,125,411
Capital Outlay	359,917
Classroom Facilities Maintenance	103,144
Grants and Entitlements not Restricted to Specific Programs	9,245,363
Unrestricted Contributions	8,313
Investment Earnings and Other Interest	213,132
Miscellaneous	588,761
Total General Revenues	17,052,117
Change in Net Position	1,210,604
Net Position Beginning of Year	26,541,709
Net Position End of Year	$27,752,313

See accompanying notes to the basic financial statements

Jefferson Area Local School District

Balance Sheet
Governmental Funds
June 30, 2023

	General	Bond Retirement	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$7,785,559	$1,914,560	$397	$3,428,323	$13,128,839
Restricted Assets:					
Cash and Cash Equivalents	992	0	0	0	992
Accounts Receivable	3,673	0	0	0	3,673
Intergovernmental Receivable	112,329	0	117,018	73,397	302,744
Inventory Held for Resale	0	0	0	24,472	24,472
Materials and Supplies Inventory	0	0	0	5,290	5,290
Property Taxes Receivable	5,703,887	1,188,737	0	493,198	7,385,822
Prepaid Items	25,979	0	0	0	25,979
Total Assets	$13,632,419	$3,103,297	$117,415	$4,024,680	$20,877,811
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities					
Accounts Payable	$42,766	$0	$88,925	$24,928	$156,619
Accrued Wages and Benefits	1,106,041	0	21,591	55,478	1,183,110
Intergovernmental Payable	382,322	0	6,899	24,001	413,222
Unearned Revenue	0	0	0	8,751	8,751
Total Liabilities	1,531,129	0	117,415	113,158	1,761,702
Deferred Inflows of Resources					
Property Taxes	5,005,328	1,032,187	0	432,977	6,470,492
Unavailable Revenue	404,318	68,115	12,790	44,873	530,096
Total Deferred Inflows of Resources	5,409,646	1,100,302	12,790	477,850	7,000,588
Fund Balances					
Nonspendable	26,971	0	0	5,290	32,261
Restricted	0	2,002,995	0	3,447,393	5,450,388
Assigned	163,655	0	0	0	163,655
Unassigned (Deficit)	6,501,018	0	(12,790)	(19,011)	6,469,217
Total Fund Balances (Deficit)	6,691,644	2,002,995	(12,790)	3,433,672	12,115,521
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$13,632,419	$3,103,297	$117,415	$4,024,680	$20,877,811

See accompanying notes to the basic financial statements

Jefferson Area Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$12,115,521
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.		42,222,728
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds.		
Delinquent Property Taxes	395,919	
Intergovernmental	31,801	
Miscellaneous	1,312	
Tuition and Fees	101,064	
Total		530,096
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(26,114)
Deferred inflows of resources includes deferred charges on refundings, which are not reported in the funds.		(372,463)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(11,113,326)	
Leases Payable	(4,243)	
Compensated Absences	(953,041)	
Total		(12,070,610)
The net pension/OPEB assets/liabilities and net OPEB liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.		
Deferred Outflows - Pension	3,833,525	
Deferred Inflows - Pension	(1,597,469)	
Net Pension Liability	(15,655,374)	
Net OPEB Asset	1,452,032	
Deferred Outflows - OPEB	345,870	
Deferred Inflows - OPEB	(2,178,458)	
Net OPEB Liability	(846,971)	
Total		(14,646,845)
Net Position of Governmental Activities		$27,752,313

See accompanying notes to the basic financial statements

Jefferson Area Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	$5,481,486	$1,142,274	$0	$469,280	$7,093,040
Intergovernmental	10,158,380	149,854	2,604,870	1,516,360	14,429,464
Investment Earnings and Other Interest	213,132	0	0	0	213,132
Tuition and Fees	453,811	0	0	0	453,811
Extracurricular Activities	5,888	0	0	159,725	165,613
Charges for Services	0	0	0	185,372	185,372
Contributions and Donations	8,313	0	0	35,352	43,665
Miscellaneous	548,467	0	0	38,982	587,449
Total Revenues	16,869,477	1,292,128	2,604,870	2,405,071	23,171,546
Expenditures					
Current:					
Instruction:					
Regular	6,847,668	0	184,841	129,280	7,161,789
Special	2,663,548	0	88,119	494,549	3,246,216
Support Services:					
Pupil	814,623	0	230,607	20,546	1,065,776
Instructional Staff	396,528	0	339,423	38,587	774,538
Board of Education	20,608	0	0	0	20,608
Administration	1,388,279	0	145,752	82,538	1,616,569
Fiscal	615,755	24,220	0	9,686	649,661
Business	6,064	0	0	0	6,064
Operation and Maintenance of Plant	1,578,417	0	0	139,006	1,717,423
Pupil Transportation	1,199,840	0	87,631	226,975	1,514,446
Central	205,116	0	0	7,755	212,871
Operation of Non-Instructional Services	83,430	0		4,659	88,089
Operation of Food Services	0	0	0	743,668	743,668
Extracurricular Activities	334,671	0	0	335,962	670,633
Capital Outlay	0	0	1,529,703	556,341	2,086,044
Debt Service:					
Principal Retirement	958	805,000	0	0	805,958
Interest	702	325,438	0	0	326,140
Total Expenditures	16,156,207	1,154,658	2,606,076	2,789,552	22,706,493
Excess of Revenues Over (Under) Expenditures	713,270	137,470	(1,206)	(384,481)	465,053
Other Financing Sources (Uses)					
Transfers In	0	0	0	150,000	150,000
Transfers Out	(150,000)	0	0	0	(150,000)
Total Other Financing Sources (Uses)	(150,000)	0	0	150,000	0
Net Change in Fund Balances	563,270	137,470	(1,206)	(234,481)	465,053
Fund Balances (Deficit) Beginning of Year - Restated (See Note 4)	6,128,374	1,865,525	(11,584)	3,668,153	11,650,468
Fund Balances (Deficit) End of Year	$6,691,644	$2,002,995	($12,790)	$3,433,672	$12,115,521

See accompanying notes to the basic financial statements

Jefferson Area Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$465,053
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/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period.		
Capital Outlay	1,863,575	
Current Year Depreciation/Amortization	(2,130,213)	
Total		(266,638)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	(96,492)	
Intergovernmental	(9,435)	
Tuition and Fees	101,054	
Miscellaneous	1,312	
Total		(3,561)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Principal Retirement	805,000	
Lease Payable	958	
Total		805,958
Accrued interest is reported in the statement of activities and does not require the use of current financial resources and therefore is not reported as an expenditure in the governmental funds.		
Accrued Interest on Bonds	2,012	
Amortization of Premium on Bonds	103,076	
Amortization of Gain	42,976	
Total		148,064
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(20,468)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,360,040	
OPEB	42,891	
Total		1,402,931
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,613,732)	
OPEB	292,997	
Total		(1,320,735)
Change in Net Position of Governmental Activities		$1,210,604

See accompanying notes to the basic financial statements

Jefferson Area Local School District

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$5,422,497	$5,443,397	$5,443,397	$0
Intergovernmental	9,604,126	10,283,725	10,283,725	0
Interest	3,000	213,132	213,132	0
Tuition and Fees	323,100	436,926	436,926	0
Extracurricular Activities	0	100	100	0
Miscellaneous	415,467	526,471	526,471	0
Total Revenues	15,768,190	16,903,751	16,903,751	0
Expenditures				
Current:				
Instruction:				
Regular	6,733,692	6,974,113	6,857,975	116,138
Special	2,713,523	2,633,775	2,633,775	0
Support Services:				
Pupil	845,809	819,697	819,697	0
Instructional Staff	478,472	402,041	402,041	0
Board of Education	17,968	20,608	20,608	0
Administration	1,399,866	1,395,035	1,395,035	0
Fiscal	465,176	615,563	615,563	0
Business	9,500	7,715	7,715	0
Operation and Maintenance of Plant	1,656,527	1,605,395	1,605,393	2
Pupil Transportation	1,129,591	1,223,797	1,223,796	1
Central	194,500	210,591	210,591	0
Operation of Non-Instructional Services	65,021	56,391	56,391	0
Extracurricular Activities	280,357	331,943	331,943	0
Total Expenditures	15,990,002	16,296,664	16,180,523	116,141
Excess of Revenues Over (Under) Expenditures	(221,812)	607,087	723,228	116,141
Other Financing Sources (Uses)				
Advances In	10,000	1,954	1,954	0
Advances Out	(50,000)	0	0	0
Transfers Out	(100,000)	(150,000)	(150,000)	0
Total Other Financing Sources (Uses)	(140,000)	(148,046)	(148,046)	0
Net Change in Fund Balance	(361,812)	459,041	575,182	116,141
Fund Balance Beginning of Year	6,897,583	6,897,583	6,897,583	0
Prior Year Encumbrances Appropriated	116,140	116,140	116,140	0
Fund Balance End of Year	$6,651,911	$7,472,764	$7,588,905	$116,141

See accompanying notes to the basic financial statements

Jefferson Area Local School District

Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Intergovernmental	$4,178,718	$2,771,997	$2,771,999	$2
Expenditures				
Current:				
Instruction:				
Regular	707,530	195,979	195,979	0
Special	114,060	88,119	88,119	0
Support Services:				
Pupil	97,819	219,392	219,392	0
Instructional Staff	110,823	595,405	595,405	0
Administration	151,170	142,757	142,757	0
Pupil Transportation	367,614	208,977	208,977	0
Capital Outlay	2,629,702	1,319,414	1,757,589	(438,175)
Total Expenditures	4,178,718	2,770,043	3,208,218	(438,175)
Excess of Revenues Over (Under) Expenditures	0	1,954	(436,219)	(438,173)
Other Financing Sources (Uses)				
Advances Out	0	(1,954)	(1,954)	0
Net Change in Fund Balance	0	0	(438,173)	(438,173)
Fund Deficit Beginning of Year	(1,307,111)	(1,307,111)	(1,307,111)	0
Prior Year Encumbrances Appropriated	1,307,111	1,307,111	1,307,111	0
Fund Balance (Deficit) End of Year	$0	$0	($438,173)	($438,173)

See accompanying notes to the basic financial statements

Jefferson Area Local School District

Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2023

Additions	
Collections for Other Organizations	$8,147
Deletions	
Distributions to Other Organizations	8,147
Change in Net Position	0
Net Position Beginning of Year	0
Net Position End of Year	$0

See accompanying notes to the basic financial statements

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Note 1 – Description of the School District and Reporting Entity

Jefferson Area Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 6 instructional/support facilities staffed by 75 classified employees and 121 certified employees who provide services to 1,672 students and other community members.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations, one insurance purchasing pool and one risk sharing pools. These organizations are the Northeast Ohio Management Information Network, Ashtabula County Technical and Career Center, Ohio Schools Council Workers' Compensation Group Rating Program, and Ashtabula County Schools Council of Governments. These organizations are presented in Notes 17 and 18 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of 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 as follows.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, 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 During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The various funds of the School District are grouped into the categories governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and 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 the operating fund of the School District and is used to account and report for all financial resources except those required to be accounted for and reported 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 accounts for and reports property tax revenues restricted for payment of principal and interest and fiscal charges on general obligation debt.
>
> ***Elementary and Secondary School Emergency Relief Special Revenue Fund*** The elementary and secondary school emergency relief fund (ESSER) accounts for and reports restricted federal grant monies received in response for Coronavirus relief.

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

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

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for OHSAA tournament activities.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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 nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 21 and 22.

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 and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 21 and 22).

Pensions/Other Postemployment Benefits (OPEB)

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

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

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

Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during fiscal year 2023 amounted to $213,132 which includes $86,736 assigned from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for unclaimed monies.

Prepaid Items

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

Capital Assets

The School District’s only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets (except for intangible right-to-use lease assets and subscription assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Tangible Assets	
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-20 years
Vehicles	8 years
Intangible Right to Use	
Lease Assets - Equipment	6 years
Subscription Assets - Software	2 years

The School District is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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 employer 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 School District records a liability for accumulated unused sick leave for all employees after ten years of service.

Accrued Liabilities and Long-term Obligations

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

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old debt or the life of the new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums

On the government-wide financial statements, bond premiums are amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Interfund Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Leases Payable

The School District serves as lessee in various noncancellable leases which are accounted for as follows:

> ***Lessee*** At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Net Position

Net position represents the difference between all other elements in a statement of financial position. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for auxiliary services and extracurricular activities.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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 includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District Board assigned fund balance for uniform school supplies and school support.

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

The School District 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.

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.

Budgetary Data

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

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

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

Note 3 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Elementary and Secondary School Emergency Relief	Other Governmental Funds	Total
Nonspendable					
Inventory	$0	$0	$0	$5,290	$5,290
Unclaimed Monies	992	0	0	0	992
Prepaid Items	25,979	0	0	0	25,979
Total Nonspendable	26,971	0	0	5,290	32,261
Restricted for					
Food Service Operations	0	0	0	793,261	793,261
Scholarship Awards	0	0	0	88,076	88,076
Classroom Maintenance	0	0	0	518,993	518,993
Athletics	0	0	0	115,664	115,664
Student Activities	0	0	0	36,087	36,087
Debt Service Payments	0	2,002,995	0	0	2,002,995
Capital Improvements	0	0	0	1,895,312	1,895,312
Total Restricted	0	2,002,995	0	3,447,393	5,450,388
Assigned to					
Purchases on Order:					
Support Services	25,442	0	0	0	25,442
Uniform School Supplies	45,634	0	0	0	45,634
Public School Support	92,579	0	0	0	92,579
Total Assigned	163,655	0	0	0	163,655
Unassigned (Deficit)	6,501,018	0	(12,790)	(19,011)	6,469,217
Total Fund Balances (Deficit)	$6,691,644	$2,002,995	($12,790)	$3,433,672	$12,115,521

Note 4 – Change in Accounting Principles and Restatement of Fund Balances and Net Position

Change in Accounting Principles

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* and GASB Statement No. 99, *Omnibus 2022*.

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District's 2023 financial statements. The School District recognized $12,239 at July 1, 2022 as an intangible asset, right to use subscription - software.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

***Restatement of Fund Balances and Net* Position**

The implementation of GASB Statement No. 96 and the related prepaid restatement had the following effect on fund balance as of June 30, 2022:

	Governmental Funds				
	General	Bond Retirement	Elementary and Secondary School Emergency Relief	Non Major	Total
Fund Balances June 30, 2022	$6,128,374	$1,865,525	($11,584)	$3,680,392	$11,662,707
Adjustments:					
Prepaid Restatement	0	0	0	(12,239)	(12,239)
Restated Fund Balances, June 30, 2022	$6,128,374	$1,865,525	($11,584)	$3,668,153	$11,650,468

The implementation of GASB Statement No. 96 had the following effect on net position as of June 30, 2022:

	Governmental Activities
Net Position June 30, 2022	$26,541,709
Adjustments:	
Prepaid Restatement	(12,239)
GASB 96 - Intangible Right to Use Assets	12,239
Restated Net Position June 30, 2022	$26,541,709

Note 5 – Accountability and Compliance

Accountability

The ESSER and Title I special revenue funds had fund balance deficits at June 30, 2023 in the amounts of $12,790 and $19,011, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The ESSER special revenue fund had expenditures plus encumbrances in the amount of $1,757,589 in excess of appropriations of $1,319,414, in the amount of $438,175, contrary to Ohio Revised Code Section 5705.41.

Management has indicated that appropriations will be closely monitored to prevent future violations.

Note 6 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
3. Budgetary revenues and expenditures of the uniform school supplies and public school support fund are classified to general fund for GAAP reporting.
4. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund and ESSER special revenue fund.

Net Change in Fund Balance	General Fund	ESSER Fund
GAAP Basis	$563,270	($1,206)
Net Adjustment for Revenue Accruals	(16,397)	167,129
Advances In	1,954	0
Perspective Differences:		
Uniform School Supplies	2,448	0
Public School Support	(11,885)	0
Net Adjustment for Expenditure Accruals	95,225	(163,572)
Advances Out	0	(1,954)
Encumbrances	(59,433)	(438,570)
Budget Basis	$575,182	($438,173)

Note 7 – Deposits and Investments

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

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

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

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

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2023, $1,774,502 of the School District's total bank balance of $11,091,175 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

> Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
>
> Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Note 8 – Property Taxes

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

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

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

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

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

The amount available as an advance at June 30, 2023, was $396,617 in the general fund, $88,435 in the bond retirement debt service fund, $7,716 in the classroom facilities maintenance special revenue fund and $26,643 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2022, was $358,528 in the general fund, $81,185 in the bond retirement debt service fund, $6,872 in the classroom facilities maintenance special revenue fund and $23,726 in the permanent improvement capital projects fund.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$258,612,170	94.61 %	$259,456,650	94.41 %
Public Utility Personal	14,726,620	5.39	15,372,650	5.59
Total	$273,338,790	100.00 %	$274,829,300	100.00 %
Full Tax Rate per $1,000 of assessed valuation	$51.37		$51.37	

Note 9 –COVID-19

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

Note 10 – Receivables

Receivables at June 30, 2023, consisted of taxes, accounts (rent and student fees), tuition, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
ESSER Grant	$117,018
School Foundation	101,064
Title I Grant	65,399
State of Ohio	11,265
Title IV-A Grant	7,998
Total	$302,744

Note 11 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. For fiscal year 2023, the superintendent was granted 20 days of vacation and the treasurer was granted 20 days of vacation. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Certified employees may accumulate unlimited sick leave. Sick leave may be accumulated to a maximum of 400 days for classified employees. For all employees, retirement severance is paid to each employee retiring from the School District at a per diem rate of the annual salary at the time of retirement. Any certified employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of the accumulated sick leave credited to that employee, up to 81 days. Any classified employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of the accumulated sick leave credited to that employee, up to 75 days.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to permanent employees through Minnesota Mutual in the amount of $50,000 for certified and $30,000 for classified employees. A total amount of $196,000 is provided to the treasurer and $244,000 to the superintendent.

Health Insurance Benefits

The School District provides employee medical and surgical insurance, prescription drug, dental, and vision insurance through the Ashtabula County Schools Council of Governments.

Note 12 – Interfund Transactions

The general fund made transfers to the other governmental athletics special revenue fund and capital improvement capital projects fund in the amounts of $50,000 and $100,000, respectively, to provide funding for athletic programs and capital improvement projects.

Note 13 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

Litigation

Several claims and lawsuits are pending against the School District. In the opinion of Management and the District Attorney, the ultimate disposition of these claims will not have a material effect, if any, on the financial condition of the School District.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2023 have been finalized.

Note 14 – Capital Assets

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

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
Nondepreciable Capital Assets				
Land	$646,340	$0	$0	$646,340
Depreciable Capital Assets				
Tangible Assets				
Land Improvements	4,867,235	0	0	4,867,235
Buildings and Improvements	57,963,256	1,337,127	0	59,300,383
Furniture and Fixtures	2,090,159	209,868	0	2,300,027
Vehicles	2,230,630	316,580	(121,299)	2,425,911
Total Tangible Assets	67,151,280	1,863,575	(121,299)	68,893,556
Intangible Right to Use				
Lease Assets				
Intangible Right to Use Lease - Equipment	5,835	0	0	5,835
Subscription Assets				
Intangible Right to Use - Software	12,239	0	0	12,239
Total Intangible Right to Use Assets	18,074	0	0	18,074
Total Depreciable Capital Assets	67,169,354	1,863,575	(121,299)	68,911,630
Less: Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(2,926,337)	(243,362)	0	(3,169,699)
Buildings and Improvements	(19,109,202)	(1,640,437)	0	(20,749,639)
Furniture and Fixtures	(1,583,878)	(93,276)	0	(1,677,154)
Vehicles	(1,706,036)	(145,851)	121,299	(1,730,588)
Total Depreciation	(25,325,453)	(2,122,926)	121,299	(27,327,080)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use Lease - Equipment	(875)	(1,167)	0	(2,042)
Subscription Assets				
Intangible Right to Use - Software	0	(6,120)	0	(6,120)
Total Intangible Right to Use Assets	(875)	(7,287)	0	(8,162)
Total Accumulated Depreciation/Amortization	(25,326,328)	(2,130,213) *	121,299	(27,335,242)
Total Depreciable Capital Assets, Net	41,843,026	(266,638)	0	41,576,388
Governmental Activities Capital Assets, Net	$42,489,366	($266,638)	$0	$42,222,728

*Depreciation/Amortization expense was charged to governmental functions as follows:

	Depreciation	Amortization	Total
Instruction:			
Regular	$1,670,198	$3,839	$1,674,037
Support Services:			
Instructional Staff	3,352	2,281	5,633
Administration	35,502	0	35,502
Business	520	1,167	1,687
Operation and Maintenance of Plant	45,663	0	45,663
Pupil Transportation	158,048	0	158,048
Operation of Food Services	24,271	0	24,271
Extracurricular Activities	185,372	0	185,372
Total Depreciation/Amortization Expense	$2,122,926	$7,287	$2,130,213

Note 15 – Long-Term Obligations

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2020 Refunding Bonds:			
Serial Bonds	1.625% to 4.00%	$11,115,000	2032

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

	Principal Outstanding 6/30/22	Additions	Deductions	Principal Outstanding 6/30/23	Amounts Due in One Year
General Obligation Bonds					
2020 Refunding Bonds					
Serial Bonds	$11,025,000	$0	$805,000	$10,220,000	$835,000
Premium	996,402	0	103,076	893,326	0
Total General Obligation Bonds	12,021,402	0	908,076	11,113,326	835,000
Other Long-Term Obligations					
Net Pension Liability:					
SERS	2,180,394	1,008,892	0	3,189,286	0
STRS	7,376,568	5,089,520	0	12,466,088	0
Total Net Pension Liability	9,556,962	6,098,412	0	15,655,374	0
Net OPEB Liability:					
SERS	1,152,111	0	305,140	846,971	0
Leases Payable	5,201	0	958	4,243	1,104
Compensated Absences	932,573	307,173	286,705	953,041	349,670
Total Other Long-Term Obligations	11,646,847	6,405,585	592,803	17,459,629	350,774
Total Governmental Activities Long-Term Liabilities	$23,668,249	$6,405,585	$1,500,879	$28,572,955	$1,185,774

In March 2020, the School District issued general obligation bonds, in the amount of $11,115,000, to refund bonds previously issued in fiscal year 2012 and 2013 for various purposes. The bonds were issued with interest rates varying from 3 to 4 percent. The bonds were issued for a twelve year period with final maturity during 2031. The bonds will be retired through the general obligation bond retirement fund.

Net proceeds of $12,199,915 (including a $1,236,913 premium and after payment of $149,567 in issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2012 and 2013 various purpose bonds. As a result, $13,572,594 of these bonds was considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements.

The School District has an outstanding agreement to lease postage meters. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The lease will be paid from the general fund. A summary of the principal and interest amounts for the remaining lease is as follows:

Year	Principal	Interest
2024	$1,104	$556
2025	1,272	387
2026	1,467	193
2027	400	14
	$4,243	$1,150

Compensated absences will be paid from the general fund, title I and food service special revenue funds. There is no repayment schedule for the net pension liability and net OPEB liability, however, employer pension and OPEB contributions are made from the following funds: general fund, food service, ESSER and title I special revenue funds. For additional information related to the net pension liability and net OPEB liability see Notes 21 and 22.

The overall debt margin of the School District as of June 30, 2023 was $16,517,632 with an unvoted debt margin of $274,829. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023 are as follows:

	General Obligation Bonds	
	Serial	
	Principal	Interest
2024	$835,000	$300,837
2025	1,040,000	267,512
2026	1,080,000	225,113
2027	1,050,000	187,762
2028	1,095,000	155,588
2029-2033	5,120,000	291,993
Total	$10,220,000	$1,428,805

Note 16 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through Liberty Mutual (Note 18).

Type of Coverage	Coverage Amount
Property - Building and Business Personal	$76,327,654
Equipment Breakdown	250,000
Crime Coverage per occurrence	100,000/250,000/1,000,000
Unintentional Errors and Omissions	1,000,000
Utility Service Direct Damage	50,000
Valuable Papers	100,000
General Liability:	
Bodily Injury and Property Damage	11,000,000
Personal Injury	11,000,000
Products/Completed Operations (Aggregate)	13,000,000
Automobile Bodily Injury	11,000,000

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

Employee Medical Benefits

The School District participates in the Ashtabula County Schools Council of Governments, a shared risk pool (Note 18) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. Certified employees per negotiated agreement are required to pay $266 per month for family coverage and $140 per month for single coverage. Classified employees per negotiated agreement are required to pay $275 per month for family coverage and $146 per month for single coverage.

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Unicomp provides administrative, cost control and actuarial services to the GRP.

Note 17 – Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed 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. Each of the districts support NEOMIN based upon a per pupil charge. The School District paid $64,190 to NEOMIN during fiscal year 2023.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members, three superintendents from Ashtabula County School Districts, three superintendents from Trumbull County School Districts, and a treasurer from each county. The School District was represented on the Governing Board by the Superintendent and Treasurer during fiscal year 2023. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. The Board exercises total control over the operations including budgeting, appropriating, contracting and designating management. A complete set of separate financial statements may be obtained from the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Ashtabula County Technical and Career Center The Ashtabula County Technical and Career Center (the Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of representatives from some of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District made no payments to the Career Center for fiscal year 2023. Financial information can be obtained from Lindsey Elly, Treasurer at Ashtabula County Technical and Career Center, 1565 State Route 167, Jefferson, Ohio 44047.

Note 18 – Public Entity Risk Pools

Insurance Purchasing Pool

The School District participates in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSC. The Executive Director of the OSC, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program.

Risk Sharing Pools

The School District has contracted with the Ashtabula County Schools Council of Governments to provide employee medical/surgical, prescription drug, dental and vision benefits. The Ashtabula County Schools Council of Governments is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County school districts. Rates are set by the Ashtabula County Schools Council of Governments board of directors. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Ashtabula County Schools Council of Governments is a separate and independent entity governed by its own set of by-laws and constitution. All assets and liabilities are the responsibility of the Council of Governments. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District is not liable nor receives a cash balance of past claims upon departure from the pool.

Note 19 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

General	$59,433
ESSER	438,570
Other Governmental Funds	78,928
Totals	$576,931

Note 20 – Set Asides

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

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

	Capital Improvements
Set-aside balance June 30, 2022	$0
Current year set-aside requirement	383,389
Current year offsets	(405,730)
Qualifying disbursements	(1,023,159)
Totals	($1,045,500)
Set-aside balance carried forward to future fiscal years	$0
Set-aside balance June 30, 2023	$0

Although the School District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Note 21 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 22 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contribution to SERS was $311,427 for fiscal year 2023. Of this amount $16,674 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was $1,048,613 for fiscal year 2023. Of this amount $147,802 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05896500%	0.05607745%	
Prior Measurement Date	0.05909390%	0.05769301%	
Change in Proportionate Share	-0.00012890%	-0.00161556%	
Proportionate Share of the Net Pension Liability	$3,189,286	$12,466,088	$15,655,374
Pension Expense	$173,044	$1,440,688	$1,613,732

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	$129,169	$159,582	$288,751
Changes of assumptions	31,470	1,491,816	1,523,286
Net difference between projected and actual earnings on pension plan investments	0	433,793	433,793
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	8,693	218,962	227,655
School District contributions subsequent to the measurement date	311,427	1,048,613	1,360,040
Total Deferred Outflows of Resources	$480,759	$3,352,766	$3,833,525
Deferred Inflows of Resources			
Differences between expected and actual experience	$20,937	$47,686	$68,623
Changes of assumptions	0	1,122,909	1,122,909
Net difference between projected and actual earnings on pension plan investments	111,292	0	111,292
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	8,284	286,361	294,645
Total Deferred Inflows of Resources	$140,513	$1,456,956	$1,597,469

$1,360,040 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$17,676	$43,999	$61,675
2025	(14,824)	(71,436)	(86,260)
2026	(158,982)	(389,631)	(548,613)
2027	184,949	1,264,265	1,449,214
Total	$28,819	$847,197	$876,016

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$4,694,477	$3,189,286	$1,921,183

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$18,831,720	$12,466,088	$7,082,733

Note 22 – Defined Benefit OPEB Plans

See note 21 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $42,891.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $42,891 for fiscal year 2023. Of this amount $42,891 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.06032520%	0.05607745%	
Prior Measurement Date	0.06087510%	0.05769301%	
Change in Proportionate Share	-0.00054990%	-0.00161556%	
Proportionate Share of the:			
Net OPEB Liability	$846,971	$0	$846,971
Net OPEB (Asset)	$0	($1,452,032)	($1,452,032)
OPEB Expense	($52,014)	($240,983)	($292,997)

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	$7,120	$21,050	$28,170
Changes of assumptions	134,721	61,851	196,572
Net difference between projected and actual earnings on OPEB plan investments	4,402	25,276	29,678
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	19,681	28,878	48,559
School District contributions subsequent to the measurement date	42,891	0	42,891
Total Deferred Outflows of Resources	$208,815	$137,055	$345,870
Deferred Inflows of Resources			
Differences between expected and actual experience	$541,786	$218,067	$759,853
Changes of assumptions	347,688	1,029,630	1,377,318
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	34,589	6,698	41,287
Total Deferred Inflows of Resources	$924,063	$1,254,395	$2,178,458

$42,891 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($164,501)	($312,350)	($476,851)
2025	(168,443)	(330,313)	(498,756)
2026	(151,206)	(154,196)	(305,402)
2027	(99,097)	(64,407)	(163,504)
2028	(68,034)	(84,566)	(152,600)
Thereafter	(106,858)	(171,508)	(278,366)
Total	($758,139)	($1,117,340)	($1,875,479)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$1,051,952	$846,971	$681,498

	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	$653,167	$846,971	$1,100,112

Actuarial Assumptions – STRS

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	($1,342,365)	($1,452,032)	($1,545,971)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($1,506,110)	($1,452,032)	($1,383,771)

Required Supplementary Information

Jefferson Area Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.05896500%	0.05909390%	0.05853960%	0.05863880%
School District's Proportionate Share of the Net Pension Liability	$3,189,286	$2,180,394	$3,871,932	$3,508,461
School District's Covered Payroll	$2,170,900	$2,070,157	$2,066,150	$2,014,519
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	146.91%	105.33%	187.40%	174.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.05964700%	0.05699530%	0.06113970%	0.06521700%	0.06951500%	0.06951500%
$3,416,094	$3,405,343	$4,474,863	$3,721,346	$3,518,115	$4,133,834
$2,211,481	$1,852,650	$1,886,743	$1,948,414	$2,009,374	$1,991,260
154.47%	183.81%	237.17%	190.99%	175.09%	207.60%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Jefferson Area Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.06032520%	0.06087510%	0.06093800%
School District's Proportionate Share of the Net OPEB Liability	$846,971	$1,152,111	$1,324,383
School District's Covered Payroll	$2,170,900	$2,070,157	$2,066,150
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	39.01%	55.65%	64.10%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.06020730%	0.06049120%	0.05789870%	0.06193810%
$1,514,086	$1,678,189	$1,553,850	$1,765,465
$2,014,519	$2,211,481	$1,852,650	$1,886,743
75.16%	75.89%	83.87%	93.57%
15.57%	13.57%	12.46%	11.49%

Jefferson Area Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Ten Fiscal Years **

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.05607745%	0.05769301%	0.05635643%	0.05575940%
School District's Proportionate Share of the Net Pension Liability	$12,466,088	$7,376,568	$13,636,251	$12,330,856
School District's Covered Payroll	$7,314,286	$7,013,421	$6,817,129	$6,639,407
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	170.43%	105.18%	200.03%	185.72%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.05455672%	0.05512061%	0.05210617%	0.05262708%	0.05382377%	0.05382377%
$11,995,797	$13,094,019	$17,441,505	$14,544,585	$13,091,804	$15,594,871
$7,206,007	$5,877,057	$5,184,179	$5,491,479	$5,455,385	$6,273,077
166.47%	222.80%	336.44%	264.86%	239.98%	248.60%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Jefferson Area Local School District

Required Supplementary Information

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

State Teachers Retirement System of Ohio

Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability/Asset	0.05607745%	0.05769301%	0.05635643%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($1,452,032)	($1,216,411)	($990,463)
School District's Covered Payroll	$7,314,286	$7,013,421	$6,817,129
School District's Proportionate Share of the Net OPEB Liability(Asset) as a Percentage of its Covered - Payroll	-19.85%	-17.34%	-14.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.05575940%	0.05455672%	0.05512061%	0.05210617%
($923,510)	($876,671)	$2,150,603	$2,786,652
$6,639,407	$7,206,007	$5,877,057	$5,184,179
-13.91%	-12.17%	36.59%	53.75%
174.70%	176.00%	47.10%	37.30%

Jefferson Area Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$311,427	$303,926	$289,822	$289,261
Contributions in Relation to the Contractually Required Contribution	(311,427)	(303,926)	(289,822)	(289,261)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$2,224,479	$2,170,900	$2,070,157	$2,066,150
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution (2)	42,891	39,564	38,837	40,599
Contributions in Relation to the Contractually Required Contribution	(42,891)	(39,564)	(38,837)	(40,599)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.93%	1.82%	1.88%	1.96%
Total Contributions as a Percentage of Covered Payroll (2)	30.34%	24.08%	18.17%	15.96%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$271,960	$298,550	$259,371	$264,144	$256,801	$278,499
(271,960)	(298,550)	(259,371)	(264,144)	(256,801)	(278,499)
$0	$0	$0	$0	$0	$0
$2,014,519	$2,211,481	$1,852,650	$1,886,743	$1,948,414	$2,009,374
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
47,356	43,645	31,841	31,254	50,034	35,082
(47,356)	(43,645)	(31,841)	(31,254)	(50,034)	(35,082)
$0	$0	$0	$0	$0	$0
2.35%	1.97%	1.72%	1.66%	2.57%	1.75%
15.85%	15.47%	15.72%	15.66%	15.75%	15.61%

Jefferson Area Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
Net Pension Liability				
Contractually Required Contribution	$1,048,613	$1,024,000	$981,879	$954,398
Contributions in Relation to the Contractually Required Contribution	(1,048,613)	(1,024,000)	(981,879)	(954,398)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$7,490,093	$7,314,286	$7,013,421	$6,817,129
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
$929,517	$1,008,841	$822,788	$725,785	$768,807	$709,200
(929,517)	(1,008,841)	(822,788)	(725,785)	(768,807)	(709,200)
$0	$0	$0	$0	$0	$0
$6,639,407	$7,206,007	$5,877,057	$5,184,179	$5,491,479	$5,455,385
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$54,554
0	0	0	0	0	(54,554)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Term – STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. 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 trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent 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 fiscal year 2020, there was no change to the claims costs process. Claim 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 percent to 1.984 percent 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 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

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JEFFERSON AREA LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2023	$167,155
National School Lunch Program	10.555	2023	463,266
COVID-19 - National School Lunch Program	10.555	2023	43,606
Non-Cash Food Commodities	10.555	2023	63,786
Sub-Total Nutrition Cluster			**737,813**
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	2022	**614**
Total U.S. Department of Agriculture			**738,427**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
COVID-19 - ARP - IDEA-B - Special Education Grants to State	84.027X	2023	**91,975**
Title I - Grants to Local Educational Agencies	84.010A	2022	55,528
Title I - Grants to Local Educational Agencies	84.010A	2023	478,201
Sub-Total Title I - Grants to Local Educational Agencies			**533,729**
Rural Education Grant	84.358B	2022	2,895
		2023	9,922
Sub-Total Rural Education Grant			**12,817**
Student Support and Academic Enrichment Program	84.424A	2022	**33,045**
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2022	9,046
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2023	268,568
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) III	84.425U	2023	2,483,229
COVID-19 - American Rescue Plan Homeless Targeted Support	84.425W	2023	8,801
Sub-Total Elementary and Secondary School Emergency Relief Fund (ESSER)			**2,769,644**
Total U.S. Department of Education			**3,441,210**
Total Expenditures of Federal Awards			**$4,179,637**

The accompanying notes to this schedule are an integral part of this schedule.

JEFFERSON AREA LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
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 Jefferson Area Local School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2023, the District made allowable ESEA flexibility transfers of $63,436 from Title II-A (AL #84.367) program to the Title I (AL #84.010) program. The Schedule shows the District spent approximately $63,436 on the Title II-A program. Title II-A program transfers are excluded on the Schedule. The amount transferred to the Title I program is included as Title I expenditures when disbursed. The following table shows the gross amount drawn for the Title II-A program during fiscal year 2023 and the amount transferred to the Title I program.

Title II A	$ 63,436
Transfer to Title I	$ (63,436)
Total Title II A	**$0**

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Jefferson Area Local School District
Ashtabula County
121 South Poplar Street
Jefferson, Ohio 44047

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 Jefferson Area Local School District, Ashtabula 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 29, 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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2024

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Jefferson Area Local School District
Ashtabula County
121 South Poplar Street
Jefferson, Ohio 44047

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2024

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JEFFERSON AREA LOCAL SCHOOL DISTRICT
ASHTABULA 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):**	AL# 84.425D - ESSER II; AL# 84.425U - ARP ESSER
(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

JEFFERSON AREA LOCAL SCHOOL DISTRICT

ASHTABULA 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 2/8/2024

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