



OHIO AUDITOR OF STATE
KEITH FABER



**CONNEAUT AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2024**

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CONNEAUT AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2024

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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Conneaut Area City School District
Ashtabula County
230 Gateway Avenue, Suite B
Conneaut, Ohio 44030

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 Conneaut Area City School District, Ashtabula County, Ohio (District), as of and for the year ended June 30, 2024, 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 Conneaut Area City School District, Ashtabula County, Ohio as of June 30, 2024, and the respective changes in financial position thereof and the respective budgetary comparisons for the General and Elementary and Secondary School Emergency Relief (ESSER) funds 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards 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 February 27, 2025, 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

February 27, 2025

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Conneaut Area City School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The discussion and analysis of the Conneaut Area City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position increased \$1,248,249 from fiscal year 2023, due to increases in cash and cash equivalents related in an increase in property tax revenue due to a revaluation done at the County.
- The general fund and the ESSER special revenue fund are the only funds reported as major.
- During fiscal year 2024, the District paid down outstanding debt obligations by \$540,000 and leases by \$33,514.
- The District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the District.
- The District's net pension liability increased to \$19,525,705 from \$18,449,085 and the OPEB liability increased to \$1,167,281, from \$972,694, a combined net increase of \$1,271,207. For more information on this liability see Notes 12 and 13 to the basic financial statements.

Using these Basic Financial Statements

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

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

Conneaut Area City School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, all of the District's activities are classified as governmental. All of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and ESSER special revenue fund.

Governmental Funds

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

Conneaut Area City School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2024 compared to June 30, 2023.

Net Position (Table 1) - Governmental Activities

	2024	2023	Increase (Decrease)
Assets			
Current and Other Assets	\$23,329,423	\$20,430,355	\$2,899,068
Capital Assets, Net	21,959,767	23,465,788	(1,506,021)
<i>Total Assets</i>	<u>45,289,190</u>	<u>43,896,143</u>	<u>1,393,047</u>
Deferred Outflows of Resources			
Pension	5,438,551	5,129,720	308,831
OPEB	764,274	415,785	348,489
<i>Total Deferred Outflows of Resources</i>	<u>6,202,825</u>	<u>5,545,505</u>	<u>657,320</u>
Liabilities			
Current Liabilities	2,508,341	2,471,968	36,373
Long-Term Liabilities			
Due within One Year	322,859	669,059	(346,200)
Due in More than One Year:			
Net Pension Liability	19,525,705	18,449,085	1,076,620
Net OPEB Liability	1,167,281	972,694	194,587
Other Amounts	1,348,911	1,550,563	(201,652)
<i>Total Liabilities</i>	<u>24,873,097</u>	<u>24,113,369</u>	<u>759,728</u>
Deferred Inflows of Resources			
Property Taxes	5,842,338	4,610,516	1,231,822
Pension	1,506,947	2,229,958	(723,011)
OPEB	2,265,869	2,732,290	(466,421)
<i>Total Deferred Inflows of Resources</i>	<u>9,615,154</u>	<u>9,572,764</u>	<u>42,390</u>
Net Position			
Net Investment in Capital Assets	21,692,211	22,624,718	(932,507)
Restricted	5,982,452	5,114,750	867,702
Unrestricted (Deficit)	(10,670,899)	(11,983,953)	1,313,054
<i>Total Net Position</i>	<u>\$17,003,764</u>	<u>\$15,755,515</u>	<u>\$1,248,249</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024 and is reported pursuant to GASB Statement 68. The School District also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net OPEB asset, and deferred outflows related to pension and OPEB.

Conneaut Area City School District
Ashtabula County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited*

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.

Over time, net position can serve as a useful indicator of a District's financial position. At June 30, 2024, the District's net position was \$17,003,764, an increase of \$1,248,249 from the prior fiscal year. The overall increase in net position is due to an increase in cash and property tax revenue.

In order to further understand what makes up the changes in net position for the current year, the following table gives further details regarding the results of activities for fiscal year 2024 and 2023.

Table 2
Change in Net Position

	2024	2023	Increase (Decrease)
Program Revenues			
Charges for Services and Sales	\$519,363	\$788,523	(\$269,160)
Operating Grants and Contributions	5,791,038	5,169,741	621,297
Capital Grants and Contributions	44,105	40,560	3,545
<i>Total Program Revenues</i>	<u>6,354,506</u>	<u>5,998,824</u>	<u>355,682</u>
General Revenues			
Property Taxes	6,538,490	5,893,657	644,833
Intergovernmental	13,782,624	12,707,603	1,075,021
Investment Earnings	681,733	420,847	260,886
Miscellaneous	61,825	74,841	(13,016)
<i>Total General Revenues</i>	<u>21,064,672</u>	<u>19,096,948</u>	<u>1,967,724</u>
<i>Total Revenues</i>	<u>\$27,419,178</u>	<u>\$25,095,772</u>	<u>\$2,323,406</u>
Program Expenses			
Current:			
Instruction	15,897,026	14,990,845	906,181
Support Services	8,807,048	8,053,025	754,023
Operation of Non-Instructional/Food Services	818,502	604,057	214,445
Extracurricular Activities	642,749	528,825	113,924
Interest and Fiscal Charges	5,604	23,744	(18,140)
<i>Total Program Expenses</i>	<u>26,170,929</u>	<u>24,200,496</u>	<u>1,970,433</u>
<i>Change in Net Position</i>	<u>1,248,249</u>	<u>895,276</u>	<u>352,973</u>
<i>Net Position Beginning of Year</i>	<u>15,755,515</u>	<u>14,860,239</u>	<u>895,276</u>
<i>Net Position End of Year</i>	<u>\$17,003,764</u>	<u>\$15,755,515</u>	<u>\$1,248,249</u>

Conneaut Area City School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Governmental Activities

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 was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00 and the 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, the 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 24 percent of revenues for governmental activities for Conneaut Area City School District in fiscal year 2024, 23 percent in fiscal year 2023 and 25 percent in fiscal year 2022. Calendar year 2023 was a property value update year that reflected an approximate 20 percent increase in assessed valuations. Calendar year 2026 will be a reappraisal year. The District has not gone to the community for a continuing operating levy since 1991. The District successfully passed a 5 year, 6.9 mill emergency levy in November 2000. Since the expiration of the emergency levy, the District has prudently managed expenses within revenues over the recent years. In May 2017, the District successfully appealed to the community for a five-year, 5.0 mill emergency levy that will yield \$1,029,652 in tax collections for years 2018 through 2022. The District voters supported the 5.0 mill emergency levy again in May of 2022 for collection in years 2023-2027.

Although the District relies upon local property taxes to support its operations, the District does actively solicit and receive additional grant and entitlement funds to help offset operating costs. Overall expenses increased due mostly to the change in pension and OPEB assumptions. The District continues to make every effort to control costs without affecting the education of its students.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2024 compared to 2023.

Conneaut Area City School District
Ashtabula County, Ohio

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited*

Table 3 - Total and Net Cost of Program Services

	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$15,897,026	\$11,451,781	\$14,990,845	\$10,509,634
Support Services:				
Pupils and Instructional Staff	1,752,238	1,383,693	1,545,445	1,196,694
Board of Education, Administration and Fiscal	2,842,682	2,331,622	2,594,979	2,410,630
Business and Operation and Maintenance of Plant	2,078,056	2,069,688	2,120,024	2,075,401
Pupil Transportation	1,533,719	1,517,230	1,204,245	1,201,244
Central	600,353	533,180	588,332	550,924
Operation of Non-				
Instructional/Food Services	818,502	39,360	604,057	(132,746)
Extracurricular Activities	642,749	484,265	528,825	366,147
Interest and Fiscal Charges	5,604	5,604	23,744	23,744
<i>Total Expenses</i>	<u>\$26,170,929</u>	<u>\$19,816,423</u>	<u>\$24,200,496</u>	<u>\$18,201,672</u>

The District's Funds

Information about the District's major funds starts on the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$27,483,348 and expenditures of \$25,488,246, excluding other financing sources and uses. The District's funds reported a combined fund balance of \$13,260,501, which is 18 percent higher than last year's total of \$11,265,399. The increase in cash and cash equivalents was the main factor in the overall increase in fund balances of the District this fiscal year.

General Fund The general fund balance increased \$1,102,797 during fiscal year 2024, an increase of 17 percent from the previous fiscal year, in large part due an increase in cash and cash equivalents this fiscal year.

ESSER Fund The ESSER fund balance decreased \$93,019 during fiscal year 2024, or 40 percent from the previous fiscal year, in large part due to expenditures exceeding grant funds received by fiscal year-end.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially, the budget is the District's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Ohio Revised Code.

During fiscal year 2024, the District amended its general fund revenue budget as needed. Actual revenues excluding other financing sources, were \$59,457 more than the final certification, due to an increase in interest revenue received.

Conneaut Area City School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Actual expenditures, excluding other financing uses, were \$609,134 less than final appropriations due mainly to a conservative budgeting approach and the diligence of management to keep costs low while still providing the services the School District citizens expect. The District uses a site based budgeting system designed to tightly control total site budgets but provide flexibility for site management. Building principals are given a per pupil allocation for textbooks, instructional materials and equipment.

Capital Assets and Long-Term Obligations

Capital Assets Table 4 shows fiscal year 2024 balances compared to fiscal year 2023:

(Table 4)
Capital Assets at June 30
Net of Depreciation/Amortization

	2024	2023
Land	\$1,020,916	\$1,020,916
Land Improvements	871,055	981,351
Buildings and Improvements	18,390,018	19,653,779
Furniture, Equipment and Fixtures	1,394,405	1,469,929
Vehicles	248,093	271,967
Intangible Right to Use Lease	35,280	67,846
Total	<u>\$21,959,767</u>	<u>\$23,465,788</u>

The overall decrease in capital assets of \$1,506,021 is due to current year depreciation/amortization of \$1,745,577 exceeding capital outlays of \$239,556.

Ohio law requires school districts to set aside three percent of certain revenues for capital improvements. For fiscal year 2024, this set aside amounted to \$325,532. See Note 10 to the basic financial statements for additional information on the District capital assets and Note 18 for additional information regarding required set-asides.

Long-Term Obligations

Table 5 summarizes the District's outstanding debt for fiscal year 2024 compared to fiscal year 2023:

(Table 5)
Outstanding Long-Term Obligations

	2024	2023	Change
Classroom Facilities Improvement Refunding Bonds-2017	\$0	\$425,000	\$425,000
Energy Conservation Term Bonds	230,000	345,000	115,000
Leases	37,556	71,070	33,514
Compensated Absences	1,404,214	1,378,552	(25,662)
Net Pension Liability	19,525,705	18,449,085	(1,076,620)
Net OPEB Liability	1,167,281	972,694	(194,587)
Totals	<u>\$22,364,756</u>	<u>\$21,641,401</u>	<u>(\$723,355)</u>

Conneaut Area City School District
Ashtabula County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

2010 Classroom Facilities Improvement Refunding general obligation bonds were retired by the issuance of 2017 Classroom Facilities Improvement Refunding bonds during fiscal year 2018.

Additional information concerning debt issuances can be found in note 15 to the basic financial statements.

Challenges and Opportunities

Conneaut Area City School District has continued to maintain the highest standards of service to our students, parents and community. The District is always presented with challenges and opportunities. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. In the past, national events have had an adverse impact on the District and the surrounding area are very much under consideration year to year. Historically, economic recession has had a major impact on our industries. We have limited local industry, but we are a diversified community with many residents working outside our District in varying types of employment.

The District is not without its share of challenges. The need for additional funds for operations is seen as the newest challenge for the District the last couple fiscal years. The passage of a five (5) year Emergency Levy in May of 2017 and again in May of 2022 demonstrates community support but the District continues to consider the value that each expenditure will provide. The district successfully paid the final bond payment for the new construction of Conneaut Middle School, Gateway Elementary and Lakeshore Primary School, and Conneaut High School updates in December 2023. As the buildings age, it is imperative to provide consistent maintenance strategies for the long-term life of buildings. A challenge to the district is the ability to pass additional permanent improvement levy funds to support consistent and necessary maintenance. The investment landscape continues to be an increased source of revenue thru June 2024. Because of the high rate of borrowing, the district is limited and must proceed with caution any need for permanent or capital improvements. And finally, actions of local and state governments continue to impact the District. Like many school districts in the State of Ohio, the District remains vigilant to financially meet the academic needs of all of the students as well as remain cost efficient in its operations.

As a result of the challenges mentioned, it is imperative the District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs over the next several years. All of the District's financial abilities will be needed to meet the challenges of the future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Jackie Miranda, Treasurer/CFO, at Conneaut Area City School District, 230 Gateway Avenue, Suite B, Conneaut, Ohio 44030 or email at JMiranda@cacsk12.org.

Conneaut Area City School District

Ashtabula County, Ohio

*Statement of Net Position
June 30, 2024*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$14,213,751
Accounts Receivable	1,092
Intergovernmental Receivable	953,668
Property Taxes Receivable	6,714,080
Materials and Supplies Inventory	28,321
Net Other Postemployment Benefits Asset	1,418,511
Nondepreciable Capital Assets	1,020,916
Depreciable Capital Assets, Net	20,938,851
<i>Total Assets</i>	<u>45,289,190</u>
Deferred Outflows of Resources	
Pension	5,438,551
Other Postemployment Benefits	764,274
<i>Total Deferred Outflows of Resources</i>	<u>6,202,825</u>
Liabilities	
Accounts Payable	77,672
Accrued Wages and Benefits Payable	1,797,751
Intergovernmental Payable	550,720
Matured Compensated Absences Payable	81,704
Accrued Interest Payable	494
Long-Term Liabilities:	
Due Within One Year	322,859
Due In More Than One Year:	
Net Pension Liability	19,525,705
Net Other Postemployment Benefits Liability	1,167,281
Other Amounts Due in More than One Year	1,348,911
<i>Total Liabilities</i>	<u>24,873,097</u>
Deferred Inflows of Resources	
Property Taxes	5,842,338
Pension	1,506,947
Net Other Postemployment Benefits	2,265,869
<i>Total Deferred Inflows of Resources</i>	<u>9,615,154</u>
Net Position	
Net Investment in Capital Assets	21,692,211
Restricted for:	
Capital Projects	4,353,783
Debt Service	43,835
Other Purposes	1,584,834
Unrestricted (Deficit)	(10,670,899)
<i>Total Net Position</i>	<u>\$17,003,764</u>

See accompanying notes to the basic financial statements

Conneaut Area City School District
Ashtabula County, Ohio

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$10,657,422	\$292,880	\$2,043,981	\$0	(\$8,320,561)
Special	4,175,862	33,490	2,056,871	0	(2,085,501)
Vocational	108,383	0	0	0	(108,383)
Other	955,359	0	18,023	0	(937,336)
Support Services:					
Pupils	1,432,931	0	198,924	0	(1,234,007)
Instructional Staff	319,307	0	169,621	0	(149,686)
Board of Education	41,891	0	0	0	(41,891)
Administration	2,201,115	0	511,060	0	(1,690,055)
Fiscal	599,676	0	0	0	(599,676)
Operation and Maintenance of Plant	2,078,056	0	8,368	0	(2,069,688)
Pupil Transportation	1,533,719	0	16,489	0	(1,517,230)
Central	600,353	0	67,173	0	(533,180)
Operation of Non-Instructional Services	818,502	85,785	693,357	0	(39,360)
Extracurricular Activities	642,749	107,208	7,171	44,105	(484,265)
Interest and Fiscal Charges	5,604	0	0	0	(5,604)
<i>Total Governmental Activities</i>	<u>\$26,170,929</u>	<u>\$519,363</u>	<u>\$5,791,038</u>	<u>\$44,105</u>	<u>(19,816,423)</u>
General Revenues					
Property Taxes Levied for:					
					6,240,455
					42,358
					239,394
					16,283
Grants and Entitlements not					
					13,782,624
					681,733
					61,825
<i>Total General Revenues</i>					<u>21,064,672</u>
Change in Net Position					1,248,249
Net Position Beginning of Year					15,755,515
Net Position End of Year					<u>\$17,003,764</u>

See accompanying notes to the basic financial statements

Conneaut Area City School District
Ashtabula County, Ohio

*Balance Sheet
Governmental Funds
June 30, 2024*

	General	ESSER Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$7,854,773	\$4,800	\$6,091,013	\$13,950,586
Restricted Assets:				
Cash and Cash Equivalents	0	0	263,165	263,165
Accounts Receivable	1,092	0	0	1,092
Interfund Receivable	974,457	0	0	974,457
Intergovernmental Receivable	15,764	661,740	276,164	953,668
Property Taxes Receivable	6,478,903	0	235,177	6,714,080
Materials and Supplies Inventory	28,321	0	0	28,321
<i>Total Assets</i>	<u>\$15,353,310</u>	<u>\$666,540</u>	<u>\$6,865,519</u>	<u>\$22,885,369</u>
Liabilities				
Accounts Payable	\$63,379	\$273	\$14,020	\$77,672
Accrued Wages and Benefits Payable	1,282,939	283,995	230,817	1,797,751
Intergovernmental Payable	449,542	45,232	55,946	550,720
Matured Compensated Absences Payable	81,704	0	0	81,704
Interfund Payable	0	666,540	307,917	974,457
<i>Total Liabilities</i>	<u>1,877,564</u>	<u>996,040</u>	<u>608,700</u>	<u>3,482,304</u>
Deferred Inflows of Resources				
Property Taxes	5,640,026	0	202,312	5,842,338
Unavailable Revenue - Property Taxes	289,721	0	10,505	300,226
<i>Total Deferred Inflows of Resources</i>	<u>5,929,747</u>	<u>996,040</u>	<u>212,817</u>	<u>6,142,564</u>
Fund Balances				
Nonspendable	28,321	0	0	28,321
Restricted	0	0	2,962,085	2,962,085
Committed	407,887	0	3,250,000	3,657,887
Assigned	2,936,456	0	0	2,936,456
Unassigned (Deficit)	4,173,335	(329,500)	(168,083)	3,675,752
<i>Total Fund Balances</i>	<u>7,545,999</u>	<u>(329,500)</u>	<u>6,044,002</u>	<u>13,260,501</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$15,353,310</u>	<u>\$666,540</u>	<u>\$6,865,519</u>	<u>\$22,885,369</u>

See accompanying notes to the basic financial statements

Conneaut Area City School District

Ashtabula County, Ohio

*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024*

Total Governmental Fund Balances	\$13,260,501
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***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.	21,959,767
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	300,226
---------------------------	---------

The net pension and OPEB liabilities (asset) are not due and payable in the current period and, therefore, are not reported in the funds.

Net OPEB Asset	1,418,511
Deferred Outflows - Pension	5,438,551
Deferred Inflows - Pension	(1,506,947)
Net Pension Liability	(19,525,705)
Deferred Outflows - OPEB	764,274
Deferred Inflows - OPEB	(2,265,869)
Net OPEB Liability	<u>(1,167,281)</u>

Total	(16,844,466)
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In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.

	(494)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(230,000)
Leases	(37,556)
Compensated Absences	<u>(1,404,214)</u>

Total	<u>(1,671,770)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$17,003,764</u></u>
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See accompanying notes to the basic financial statements

Conneaut Area City School District
Ashtabula County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	ESSER Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$6,282,315	\$0	\$320,345	\$6,602,660
Tuition and Fees	326,370	0	0	326,370
Interest	652,138	0	29,595	681,733
Charges for Services	0	0	85,785	85,785
Extracurricular Activities	700	0	106,508	107,208
Contributions and Donations	7,171	0	44,105	51,276
Intergovernmental	13,738,158	3,071,286	2,757,047	19,566,491
Miscellaneous	59,918	0	1,907	61,825
<i>Total Revenues</i>	<u>21,066,770</u>	<u>3,071,286</u>	<u>3,345,292</u>	<u>27,483,348</u>
Expenditures				
Current:				
Instruction:				
Regular	7,196,873	1,789,041	258,028	9,243,942
Special	1,998,963	782,027	1,391,310	4,172,300
Vocational	107,194	0	0	107,194
Other	936,824	7,726	10,709	955,259
Support Services:				
Pupils	946,358	113,427	395,247	1,455,032
Instructional Staff	116,081	92,418	96,381	304,880
Board of Education	41,891	0	0	41,891
Administration	1,716,211	295,907	190,689	2,202,807
Fiscal	618,929	0	7,303	626,232
Business	0	0	0	0
Operation and Maintenance of Plant	1,961,964	0	237,910	2,199,874
Pupil Transportation	1,293,564	16,508	265,053	1,575,125
Central	503,679	67,251	0	570,930
Operation of Non-Instructional/Food Services	0	0	864,595	864,595
Extracurricular Activities	373,701	0	173,753	547,454
Capital Outlay	0	0	39,953	39,953
Debt Service:				
Principal Retirement	148,514	0	425,000	573,514
Interest and Fiscal Charges	3,227	0	4,037	7,264
<i>Total Expenditures</i>	<u>17,963,973</u>	<u>3,164,305</u>	<u>4,359,968</u>	<u>25,488,246</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,102,797</u>	<u>(93,019)</u>	<u>(1,014,676)</u>	<u>1,995,102</u>
Other Financing Sources (Uses)				
Transfers In	0	0	2,000,000	2,000,000
Transfers Out	(2,000,000)	0	0	(2,000,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,000,000)</u>	<u>0</u>	<u>2,000,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>1,102,797</u>	<u>(93,019)</u>	<u>985,324</u>	<u>1,995,102</u>
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>6,443,202</u>	<u>(236,481)</u>	<u>5,058,678</u>	<u>11,265,399</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$7,545,999</u>	<u>(\$329,500)</u>	<u>\$6,044,002</u>	<u>\$13,260,501</u>

See accompanying notes to the basic financial statements

Conneaut Area City School District
Ashtabula County, Ohio

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balances - Total Governmental Funds	\$1,995,102
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***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	239,556	
Current Year Depreciation/Amortization	<u>(1,745,577)</u>	

Total	(1,506,021)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(64,170)
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Repayment of long-term debt/lease principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.

573,514

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	1,660
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,801,374	
OPEB	<u>54,352</u>	

Total	1,855,726
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Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.

Pension	(1,846,158)	
OPEB	<u>264,258</u>	

Total	(1,581,900)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(25,662)

Change in Net Position of Governmental Activities

\$1,248,249

See accompanying notes to the basic financial statements

Conneaut Area City School District

Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	\$6,139,037	\$6,479,352	\$6,479,352	\$0
Tuition and Fees	309,774	326,946	326,370	(576)
Interest	563,167	594,386	652,138	57,752
Contributions and Donations	0	0	1,680	1,680
Intergovernmental	13,212,118	13,944,526	13,934,526	(10,000)
Miscellaneous	55,679	58,766	69,367	10,601
Total Revenues	20,279,775	21,403,976	21,463,433	59,457
Expenditures				
Current:				
Instruction:				
Regular	7,469,328	7,482,210	7,103,842	378,368
Special	2,037,737	2,041,249	2,024,191	17,058
Vocational	106,820	107,000	97,441	9,559
Other	945,020	946,851	936,824	10,027
Support Services:				
Pupils	930,894	932,497	924,366	8,131
Instructional Staff	97,319	97,484	95,167	2,317
Board of Education	51,796	51,885	43,514	8,371
Administration	1,864,604	1,867,709	1,784,119	83,590
Fiscal	647,133	648,214	635,671	12,543
Operation and Maintenance of Plant	2,114,977	2,118,460	2,098,954	19,506
Pupil Transportation	1,329,883	1,332,130	1,286,512	45,618
Central	593,203	594,094	590,466	3,628
Extracurricular Activities	379,044	379,698	369,280	10,418
Debt Service:				
Principal Retirement	115,000	115,000	115,000	0
Interest and Fiscal Charges	1,413	1,413	1,413	0
Total Expenditures	18,684,171	18,715,894	18,106,760	609,134
Excess of Revenues Over (Under) Expenditures	1,595,604	2,688,082	3,356,673	668,591
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	9,010	9,059	49
Advances In	1,907,858	1,907,858	1,907,858	0
Advances Out	0	(974,457)	(974,457)	0
Transfers Out	(1,500,000)	(2,150,000)	(2,150,000)	0
Total Other Financing Sources (Uses)	407,858	(1,207,589)	(1,207,540)	49
Net Change in Fund Balance	2,003,462	1,480,493	2,149,133	668,640
Fund Balance Beginning of Year	4,687,002	4,687,002	4,687,002	0
Prior Year Encumbrances Appropriated	297,678	297,678	297,678	0
Fund Balance End of Year	\$6,988,142	\$6,465,173	\$7,133,813	\$668,640

See accompanying notes to the basic financial statements

Conneaut Area City School District

Ashtabula County, Ohio

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
ESSER Fund
For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental	\$5,046,739	\$5,063,727	\$3,929,369	(\$1,134,358)
<i>Total Revenues</i>	<u>5,046,739</u>	<u>5,063,727</u>	<u>3,929,369</u>	<u>(1,134,358)</u>
Expenditures				
Current:				
Instruction:				
Regular	1,628,276	1,941,126	1,779,407	161,719
Special	613,103	819,937	677,575	142,362
Other	6,625	(2,467)	7,322	(9,789)
Support Services:				
Pupils	108,023	156,205	119,382	36,823
Instructional Staff	76,972	85,066	85,066	0
Administration	295,990	369,577	327,116	42,461
Pupil Transportation	14,937	29,198	16,508	12,690
Central	60,852	72,686	67,251	5,435
<i>Total Expenditures</i>	<u>2,804,778</u>	<u>3,471,328</u>	<u>3,079,627</u>	<u>391,701</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,241,961</u>	<u>1,592,399</u>	<u>849,742</u>	<u>(742,657)</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditure	0	1,770	1,770	0
Advances In	0	666,540	666,540	0
Advances Out	(1,537,489)	(1,537,489)	(1,540,578)	(3,089)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,537,489)</u>	<u>(869,179)</u>	<u>(872,268)</u>	<u>(3,089)</u>
<i>Net Change in Fund Balance</i>	<u>704,472</u>	<u>723,220</u>	<u>(22,526)</u>	<u>(745,746)</u>
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>22,526</u>	<u>22,526</u>	<u>22,526</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$726,998</u>	<u>\$745,746</u>	<u>\$0</u>	<u>(\$745,746)</u>

See accompanying notes to the basic financial statements

Conneaut Area City School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 – Description of the School District and Reporting Entity

Conneaut Area City School District (the “District”) is organized under Article VI, Section 2 of the Constitution and laws of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and federal guidelines.

The District was established in 1962 through the consolidation of existing land areas and school districts. The District serves an area of approximately 58 square miles. It is located in Ashtabula County. It is staffed by 96 non-certified employees and 136 certified full-time teaching and administrative personnel who provide services to 1,482 students and other community members. The District currently operates four instructional buildings, a maintenance building, athletic complex and a bus garage.

Reporting Entity

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

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

The District is associated with two jointly governed organizations and a risk sharing pool. These organizations are the Ashtabula County Technical & Career Center, the Northeast Ohio Management Information Network and the Ashtabula County Schools Council of Governments, which are presented in Notes 16 and 17 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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 District’s accounting policies are described below.

A. Basis of Presentation

The 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.

Conneaut Area City School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

The 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 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 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 District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the 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 School District has no proprietary funds.

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

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

Elementary and Secondary School Emergency Relief (ESSER) Fund – The ESSER fund accounts for emergency relief grants related to the COVID-19 pandemic.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted, committed or assigned to a particular purpose.

Fiduciary Fund Types 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

Conneaut Area City School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

that has certain characteristics. The School District has no private purpose trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no custodial funds.

C. 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 District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenditures) 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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements 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 modified accrual basis of accounting arise in the recognition of revenue, the recording of unavailable revenue 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 values, 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.

Non-exchange transactions, in which the 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 for which the taxes are levied (See Note 7). 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Conneaut Area City School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 statement of net position and balance sheets 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 District, deferred outflows of resources include a deferred charge on refunding, pension and OPEB reported in the government-wide statement of net position. 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 are explained in Notes 12 and 13.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 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 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. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide of statement of net position (see Notes 12 and 13).

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.

E. Budgetary Data

All funds, other than agency 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 sets 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 object level for the general fund and at the fund level for all other funds. The Treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds, except the general fund, without resolution by the Board of Education.

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The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the 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 passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

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

During fiscal year 2024, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$652,138 which includes \$448,220 assigned from other 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.

G. Inventory

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

H. Capital Assets

The School District's only capital assets are classified as 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 are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The 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 value as of the date received. The District's capitalization threshold is three thousand dollars for the current fiscal year. The 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	Estimated Lives
Land Improvements	5 - 10 years
Buildings and Improvements	20 - 50 years
Furniture, Equipment and Fixtures	8 - 20 years
Vehicles	10 years
Intangible Right to Use Lease	5 - 10 years
Textbooks	6 years

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental columns of the statement of net position.

J. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. 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 basic financial statements.

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K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 District's termination policy. The District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund or funds from which the employees who have accumulated the leave are paid.

L. 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, 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 are recognized as a liability in 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.

M. Fund Balance

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

Nonspendable The nonspendable fund balance 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

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

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

The 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.

N. 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 their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services, food service operations and extracurricular activities.

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

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, 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 systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when

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Notes to the Basic Financial Statements
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due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

P. Estimates

The preparation of the 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.

Note 3 – Change in Accounting Principle

For fiscal year 2024, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62".

GASB Statement No. 100 primary objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of this pronouncement did not impact the beginning net position or fund balance of the District.

Note 4 – Fund Deficits

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Major Governmental Fund:</u>	<u>Deficit</u>
ESSER	\$329,500
Nonmajor Governmental Funds:	
Public School Preschool	11,793
IDEA Part B	32,701
Title I School Improvement A	4,373
Title I Fund	117,847
Early Childhood Special Education	1,369

The deficits in the special revenue funds are due to adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur.

Note 5 – Budgetary Basis of Accounting

While the District is reporting its 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 and ESSER special revenue fund are 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 (modified accrual) basis are as follows:

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. *Certain funds have legally separate adopted budgets (budget basis) but are included in the General Fund (GAAP basis).

*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes the public-school support, workers' compensation and termination benefits special revenue funds.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and ESSER special revenue fund:

Net Change in Fund Balance		
	General	ESSER
GAAP Basis	\$1,102,797	(\$93,019)
Net Adjustment for Revenue Accruals	383,335	859,853
Advances In	1,907,858	666,540
Net Adjustment for Expenditure Accruals	(34,240)	89,478
Net Adjustment for Funds Budgeted as Special Revenue	22,387	0
Advances Out	(974,457)	(1,540,578)
Adjustment for Encumbrances	(258,547)	(4,800)
Budget Basis	<u>\$2,149,133</u>	<u>(\$22,526)</u>

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories. Active deposits are public deposits 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 withdrawals on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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Interim deposits are deposits of interim monies. Interim monies are those monies that 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 Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local government;
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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party. At June 30th, the carrying amount of all District deposits was \$1,156,551, while \$1,286,973 of the District's bank balance of \$1,536,973 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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:

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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.

Investments

As of June 30, 2024, the District had STAR Ohio as the only investment with an amount of \$13,057,000 and an average maturity less than six months.

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that requires securities purchased pursuant to this division shall be delivered into the custody of the treasurer or governing board or an agent designated by the treasurer or governing board.

Credit Risk STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that addresses credit risk.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. At June 30, 2024, STAR Ohio represented 100 percent of all District investments.

Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net position as of June 30, 2024:

<u>Cash and Investments per Note Disclosure</u>		<u>Cash and Investments per Statement of Net Position</u>	
Carrying amount of deposits	\$1,156,551	Governmental activities	\$14,213,751
Investments	13,057,000		
Cash on hand	200		
Total	<u>\$14,213,751</u>		<u>\$14,213,751</u>

Note 7 – Property Taxes

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

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For the Fiscal Year Ended June 30, 2024

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represent collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2024 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The 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, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2024 was \$549,156 in the general fund, and \$22,360 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2023, was \$746,193 in the general fund, \$28,412 in the bond retirement fund, \$34,003 in the permanent improvement capital projects fund and \$11,334 in the classroom facilities maintenance special revenue fund

On a full 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 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$219,637,370	94.1%	\$273,880,900	95.1%
Public Utility Personal	13,787,800	5.9%	14,192,410	4.9%
	<u>\$233,425,170</u>	<u>100.0%</u>	<u>\$288,073,310</u>	<u>100.0%</u>
Tax Rate per \$1,000 of assessed valuation	\$39.84		\$42.04	

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Notes to the Basic Financial Statements
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Note 8 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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 below:

Fund Balances	General	ESSER	Nonmajor Governmental	Total
<i>Nonspendable</i>				
Inventory	\$28,321	\$0	\$0	\$28,321
<i>Restricted for</i>				
Food Service Operations	0	0	428,034	428,034
College Scholarships	0	0	136,104	136,104
Classroom Maintenance	0	0	559,432	559,432
Extracurricular Activities	0	0	68,082	68,082
Other Grants	0	0	284,525	284,525
Student Wellness	0	0	220,632	220,632
Miscellaneous Federal Grants	0	0	117,560	117,560
Debt Service Payments	0	0	44,329	44,329
Capital Improvements	0	0	1,093,278	1,093,278
Other Purposes	0	0	10,109	10,109
<i>Total Restricted</i>	0	0	2,962,085	2,962,085
<i>Committed to</i>				
Capital Improvements	0	0	3,250,000	3,250,000
Employee Retirements	407,887	0	0	407,887
<i>Total Committed</i>	407,887	0	3,250,000	3,657,887
<i>Assigned to</i>				
Other Purposes	54,526	0	0	54,526
Encumbrances	195,168	0	0	195,168
Subsequent Year Appropriations	2,686,762	0	0	2,686,762
<i>Total Assigned</i>	2,936,456	0	0	2,936,456
<i>Unassigned (Deficit)</i>	4,173,335	(329,500)	(168,083)	3,675,752
<i>Total Fund Balances</i>	\$7,545,999	(\$329,500)	\$6,044,002	\$13,260,501

Note 9 – Receivables

Receivables at June 30, 2024 consisted of accounts, taxes and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

Intergovernmental receivables at June 30, 2024 totaled \$953,668. This amount included a Medicaid reimbursement in the general fund in the amount of \$15,764, a grant to the ESSER fund of \$661,740 and grants to other non-major special revenue funds totaling \$276,164.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 10 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance 6/30/23	Additions	Reductions	Balance 6/30/24
Governmental Activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$1,020,916	\$0	\$0	\$1,020,916
<i>Capital assets being depreciated/amortized:</i>				
Land improvements	3,216,821	35,672	0	3,252,493
Buildings and improvements	47,740,468	0	0	47,740,468
Furniture, fixtures and equipment	4,848,475	102,972	0	4,951,447
Vehicles	2,445,014	100,912	0	2,545,926
Textbooks	1,107,757	0	0	1,107,757
Intangible Right to Use Lease**	162,830	0	0	162,830
<i>Total capital assets being depreciated/amortized</i>	<i>59,521,365</i>	<i>239,556</i>	<i>0</i>	<i>59,760,921</i>
<i>Accumulated depreciation/amortization:</i>				
Land improvements	(2,235,470)	(145,968)	0	(2,381,438)
Buildings and improvements	(28,086,689)	(1,263,761)	0	(29,350,450)
Furniture, fixtures and equipment	(3,378,546)	(178,496)	0	(3,557,042)
Vehicles	(2,173,047)	(124,786)	0	(2,297,833)
Textbooks	(1,107,757)	0	0	(1,107,757)
Intangible Right to Use Lease**	(94,984)	(32,566)	0	(127,550)
<i>Total accumulated depreciation/amortization</i>	<i>(37,076,493)</i>	<i>(1,745,577) *</i>	<i>0</i>	<i>(38,822,070)</i>
Capital assets being depreciated/amortized, net	22,444,872	(1,506,021)	0	20,938,851
Governmental activities capital assets, net	\$23,465,788	(\$1,506,021)	\$0	\$21,959,767

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

Instruction:	
Regular	\$1,390,384
Special	314
Vocational	834
Support Services:	
Pupil	187
Instructional Staff	25,705
Administration	1,693
Operation and Maintenance of Plant	38,685
Pupil Transportation	120,873
Central	59,732
Operation of Non-Instructional/Food Services	10,017
Extracurricular Activities	97,153
Total Depreciation/Amortization Expense	\$1,745,577

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**Of the current year depreciation/amortization total of \$1,745,577, \$32,566 is presented as a regular instruction expense on the Statement of Activities related to the District's intangible asset of copiers, which are included in the table above as an Intangible Right to Use Lease. With the implementation of GASB Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

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 and the Treasurer earn ten to thirty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for certified employees is 315 days, and for classified employees it is 320 days. For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Any employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to 70 days for classified employees and for certified employees.

Insurance

Life insurance is offered to employees through Minnesota Life Insurance Company. Certified and classified employees are covered for \$40,000 with payments of \$4.20 per month. The superintendent is covered for \$150,000 with payments of \$15.75 per month. The treasurer is covered for \$100,000 with payments of \$10.50 per month.

Health Insurance Benefits

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

Note 12 – Defined Benefit Pension Plans

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

A. 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.

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

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

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 13 for the required OPEB disclosures.

B. School Employees Retirement System

Plan Description - District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. Established in 1937, SERS provides retirement, disability, and survivor benefits to non-teaching employees of Ohio's public K-12 school districts. 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:

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	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.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$448,649 for fiscal year 2024. Of this amount \$224,232 is reported as an intergovernmental payable.

C. State Teachers Retirement System

Plan Description - 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility

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changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 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.

The CO Plan offers features of both the DB Plan and the DC Plan. In the CO 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 CO 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 CO Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS 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 CO Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,352,725 for fiscal year 2024. Of this amount \$232,732 is reported as an intergovernmental payable.

D. 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.06804570%	0.06643527%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.06911400%</u>	<u>0.07293636%</u>	
Change in Proportionate Share	<u>0.00106830%</u>	<u>0.00650109%</u>	
Proportionate Share of the Net Pension Liability	\$3,818,905	\$15,706,800	\$19,525,705
Pension Expense	\$324,030	\$1,522,128	\$1,846,158

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$164,146	\$572,636	\$736,782
Change of Assumptions	27,052	1,293,540	1,320,592
Change in Proportionate Share	50,683	1,529,120	1,579,803
District contributions subsequent to the measurement date	<u>448,649</u>	<u>1,352,725</u>	<u>1,801,374</u>
Total Deferred Outflows of Resources	<u>\$690,530</u>	<u>\$4,748,021</u>	<u>\$5,438,551</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$34,854	\$34,854
Net difference between projected and actual earnings on pension plan investments	53,678	47,074	100,752
Change of Assumptions	0	973,664	973,664
Change in Proportionate Share	<u>63,604</u>	<u>334,073</u>	<u>397,677</u>
Total Deferred Inflows of Resources	<u>\$117,282</u>	<u>\$1,389,665</u>	<u>\$1,506,947</u>

\$1,801,374 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. 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:			
2025	(\$14,473)	\$193,491	\$179,018
2026	(124,618)	(199,416)	(324,034)
2027	260,846	2,095,787	2,356,633
2028	<u>2,844</u>	<u>(84,231)</u>	<u>(81,387)</u>
Total	<u>\$124,599</u>	<u>\$2,005,631</u>	<u>\$2,130,230</u>

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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. Future benefits for all current plan members were projected through 2132.

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, 2023, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll)
Inflation	2.40 Percent
Future Salary Increases, Including Inflation	3.25 Percent to 13.58 Percent
Investment Rate of Return	7.0 Percent, Net of Investment Expenses
COLA or Ad hoc COLA	2.0 Percent, on and after April 1, 2018, COLA's for future retirees will be delayed for 3 years following commencement

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
U.S. Equity	24.75	4.82
Non-U.S. Equity Developed	13.50	5.19
Non-U.S. Equity Emerging	6.75	5.98
Fixed Income/Global Bond	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.0 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.0 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments for fiscal year 2023, was 6.90 percent.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0 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 (6.0 percent), or one percentage point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability	\$5,636,508	\$3,818,905	\$2,287,920

Actuarial Assumptions - STRS

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

Inflation	2.50 Percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	Varies by Service from 2.5% to 8.5%
Investment Rate of Return	7.0 Percent, Net of Investment Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent

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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 Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of the latest available actuarial experience study which is 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:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Fixed Income	22.00	1.75
Alternatives	19.00	7.38
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	7.00 %

*Final target weights reflected at 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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.0 percent as of June 30, 2023. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.0 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

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	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's Proportionate Share of the Net Pension Liability	\$24,153,582	\$15,706,800	\$8,563,134

Assumption and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00 percent for June 30, 2023 valuation.

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

E. Social Security System

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2024, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

Note 13 – Defined Benefit Other Postemployment Benefit (OPEB) Plans

See note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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Funding Policy - State statute permits SERS to fund 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 2024, 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 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 2024, the District's surcharge obligation was \$129,097.

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 District's contractually required contribution to SERS was \$54,352 for fiscal year 2024, all of which was reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

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

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.06927970%	0.06643527%	
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.07085400%	0.07293636%	
Change in Proportionate Share	0.00157430%	0.00650109%	
Proportionate Share of the Net OPEB Liability (Asset)	\$1,167,281	(\$1,418,511)	(\$251,230)
OPEB Expense	(\$152,456)	(\$111,802)	(\$264,258)

At June 30, 2024, the 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	\$2,432	\$2,211	\$4,643
Net difference between projected and actual earnings on OPEB plan investments	9,046	2,532	11,578
Change of Assumptions	394,688	208,968	603,656
Change in Proportionate Share	89,991	54	90,045
District contributions subsequent to the measurement date	54,352	0	54,352
Total Deferred Outflows of Resources	\$550,509	\$213,765	\$764,274
Deferred Inflows of Resources			
Differences between expected and actual experience	\$602,009	\$216,359	\$818,368
Change of Assumptions	331,521	935,918	1,267,439
Change in Proportionate Share	109,490	70,572	180,062
Total Deferred Inflows of Resources	\$1,043,020	\$1,222,849	\$2,265,869

\$54,352 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$191,870)	(\$454,146)	(\$646,016)
2026	(152,777)	(198,024)	(350,801)
2027	(90,997)	(78,179)	(169,176)
2028	(61,752)	(104,240)	(165,992)
2029	(49,934)	(95,595)	(145,529)
Thereafter	467	(78,900)	(78,433)
Total	<u>(\$546,863)</u>	<u>(\$1,009,084)</u>	<u>(\$1,555,947)</u>

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, 2023, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.0 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Medicare	6.75 to 4.40 percent

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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. Disabled retirees is based on 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. Contingent survivors is 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..

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 on April 15, 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 log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.0 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 12 for details.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023 was 4.08 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 state statute contribution rate of 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic pension 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, 2023, and the June 30, 2022 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 benefit s after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023 and 3.69 percent at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

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*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024*

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
District's proportionate share of the net OPEB liability (asset)	\$1,492,119	\$1,167,281	\$911,133
	1% Decrease (5.75 % decreasing to 3.40 %)	Current Trend Rate (6.75% decreasing to 4.40 %)	1% Increase (7.75 % decreasing to 5.40 %)
District's proportionate share of the net OPEB liability (asset)	\$857,561	\$1,167,281	\$1,577,702

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, actuarial valuation are presented below:

Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.0 percent, net of investment expenses, including inflation
Payroll Increases	3.0 percent
Discount Rate of Return	7.0 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	7.50 percent initial, 4.14 percent ultimate
Medicare	(10.94) percent initial, 4.14 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	(11.95) percent initial, 4.14 percent ultimate
Medicare	1.33 percent initial, 4.14 percent ultimate

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

For healthy retirees the 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.

Actuarial assumptions used in the June 30, 2023, 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 12.

Conneaut Area City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Discount Rate The discount rate used to measure the total OPEB liability was 7.0 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes 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, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.0 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.0 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 (6.0 percent) or one percentage point higher (8.0 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 (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
District's proportionate share of the net OPEB asset	\$1,200,584	\$1,418,511	\$1,608,303

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$1,617,110	\$1,418,511	\$1,179,303

Assumption and Benefit Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00 percent for June 30, 2023, valuation.

Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

Note 14 – Public Entity Risk Pool

The District has contracted with the Ashtabula County Schools Council of Governments ("the Council") to provide employee medical/surgical, prescription drug, dental and vision benefits. The Council is organized under Chapter 167 of the Ohio Revised Code and is comprised of seven Ashtabula County School districts. Rates are set by the Council's board of directors. The District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating districts. Claims are paid for all participants regardless of claims flow. The Council 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. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the District. The Council shall pay the run out claims for a withdrawing member. Any member which withdraws from the Council pursuant to the Council Agreement shall have no claim to the Council's assets.

Conneaut Area City School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 15 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2017 Classroom Facilities Improvement Refunding Bonds	3.00% to 4.00%	\$ 2,430,000	2023
2018 School Improvement Bonds	4.50%	215,000	2023
Energy Conservation Improvement Bonds	5.15%	1,712,161	2023
Lease	3.25%	162,830	2025

A summary of changes in long-term obligations for the year ended June 30, 2024, were as follows:

	Outstanding 6/30/23	Additions	Deductions	Outstanding 6/30/24	Amounts due in One Year
General Obligation Bonds:					
2017 Classroom Facilities Improvement Refunding Bonds	\$425,000	\$0	(\$425,000)	\$0	\$0
Energy Conservation Improvement Bonds	345,000	0	(115,000)	230,000	115,000
Total General Obligation Bonds	770,000	0	(540,000)	230,000	115,000
Other Long-Term Obligations:					
Lease	71,070	0	(33,514)	37,556	34,620
Compensated Absences	1,378,552	121,207	(95,545)	1,404,214	173,239
Total Other Long-Term Obligations	1,449,622	121,207	(129,059)	1,441,770	207,859
Total Before Net Pension & OPEB Liability	2,219,622	121,207	(669,059)	1,671,770	322,859
Net Pension Liability:					
STRS	14,768,644	938,156	0	15,706,800	0
SERS	3,680,441	138,464	0	3,818,905	0
Total Net Pension Liability	18,449,085	1,076,620	0	19,525,705	0
Net OPEB Liability:					
SERS	972,694	194,587	0	1,167,281	0
Total Long-Term Obligations	\$21,641,401	\$1,392,414	(\$669,059)	\$22,364,756	\$322,859

On July 20, 2010, the District issued \$4,629,999 in general obligation bonds to refund the classroom facilities improvement bonds in order to take advantage of lower interest rates. The outstanding bond liability was currently refunded in fiscal year 2018.

The bonds were sold at a premium of \$216,279. Proceeds of \$4,741,516 were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2024, none of the defeased bonds are still outstanding.

Conneaut Area City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

On September 6, 2017, the District issued \$2,430,000 in general obligation bonds to refund the 2010 classroom facilities improvement refunding bonds in order to take advantage of lower interest rates. The bonds included term bonds in the amount of \$2,430,000 and were issued for a six year period with a final maturity at December 1, 2024. The outstanding bond liability was retired in full from the debt service fund.

On September 1, 2010, the District issued \$1,712,161 in Energy Conservation Improvement bonds for the installation, modification, and remodeling of school buildings to conserve energy. The bonds are term bonds, have a final maturity date of December 1, 2025 and will be paid from the debt service fund. These bonds were Qualified School Construction Bonds (QSCBs) in accordance with the American Recovery and Reinvestment Act of 2009 (ARRA). These bonds are Direct Payment QSCBs.

The term bonds are subject to mandatory sinking fund redemption requirements on December 1 in the years and in the principal amounts as follows:

Year	Amount
2025	\$115,000
2026	115,000
	<u>\$230,000</u>

The remaining principal amount of the term bonds (\$230,000) will mature at the stated maturity on December 1, 2025.

Lease Payable – The District had a lease agreement outstanding at the beginning of the year for copiers. Due to the implementation of GASB Statement No. 87, this lease has met the criteria of a lease thus requiring it to be recorded by the District. This lease will be amortized over the lease term since it is shorter than the useful life due to the District not taking ownership of the equipment.

Compensated absences will be paid from the general fund and the food service, early childhood education, title VI-B, title I, classroom reduction and miscellaneous federal grants special revenue funds. There is no repayment schedule for the net pension liability and net OPEB liability. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

The District's overall legal debt margin was \$25,740,927 with an unvoted debt margin of \$288,073 at June 30, 2024.

Principal and interest requirements to retire general obligation bonds and the lease are as follows:

Fiscal Year	Energy Conservation Improvement Bonds		Copier Lease - 2021	
	Principal	Interest	Principal	Interest
2025	\$115,000	\$8,884	\$34,620	\$708
2026	115,000	2,961	2,936	8
Total	<u>\$230,000</u>	<u>\$11,845</u>	<u>\$37,556</u>	<u>\$716</u>

Conneaut Area City School District
Ashtabula County, Ohio

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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 District contracted with Liberty Mutual for various types of insurance. Coverage is as follows:

Coverage	Amount
Buildings and Business Property (\$2,500 Deductible)	\$95,717,570
Cyber Insurance (\$5,000 Deductible, \$1,000,000 limit)	1,000,000
Crime Coverage (\$1,000 Deductible)	100,000
Educator's Legal Liability (\$5,000 Deductible/Per Occurrence)	1,000,000
Automobile Liability (\$1,000 Deductible, \$1,000,000 limit)	10,000,000
General Liability (\$5,000 Deductible, \$1,000,000 limit)	10,000,000

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 District participates in the Ashtabula County Schools Council of Governments, a shared risk pool (Note 14) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The 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 pay monthly premiums in the amount of \$289 for family and \$111 for single coverage. Classified employees pay monthly premiums of \$144 for family and \$55 for single benefits.

Workers' Compensation

For fiscal year 2024, workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 17 – Jointly Governed Organizations

Ashtabula County Technical & Career Center The Ashtabula County Career & Technical Center (A-Tech) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The A-Tech is operated under the direction of a Board consisting of one representative from each 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 did not make any contributions in fiscal year 2024. Financial information can be obtained from Lindsey Elly, Treasurer at Ashtabula County Technical & Career Center, 1565 State Route 167, Jefferson, Ohio 44047.

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among various 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 Service Centers. Each of the districts support NEOMIN based upon a per pupil charge.

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 districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

Note 18 – Set Asides

The 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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Improvements
Set-Aside Restricted Balance as of June 30, 2023	\$0
Current Year Set-Aside Requirement	325,532
Qualifying Disbursements	0
Current Year Offsets	<u>(1,068,763)</u>
Total	<u><u>(\$743,231)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u><u>\$0</u></u>

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

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 19 – Interfund Activity

Interfund Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following, as reported on the fund financial statements:

	Transfers In	Transfers Out
Major Governmental Fund:		
General	\$0	\$2,000,000
Non-major Governmental Funds:		
Permanent Improvement Fund	750,000	0
Capital Improvement Fund	1,250,000	0
	<u>\$2,000,000</u>	<u>\$2,000,000</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated on the government-wide financials. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund Advances

The District interfund receivables/payables at June 30, 2024 consisted of the following:

	Interfund Receivable	Interfund Payable
Major Governmental Funds:		
General	\$974,457	\$0
ESSER	0	666,540
Non-major Governmental Funds:		
District Managed Student Activity Fund	0	14,573
Public School Preschool Fund	0	10,093
IDEA Part B Fund	0	29,673
Title I Fund	0	183,238
Drug Free Schools Fund	0	45,979
Early Childhood IDEA Fund	0	7,809
Miscellaneous Federal Grants Fund	0	16,552
	<u>\$974,457</u>	<u>\$974,457</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Conneaut Area City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 20 – Contingencies

A. Grants

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

B. Litigation

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2024, which would have a significant effect on the financial statements.

C. School District 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. The final adjustment was not material and is not reflected in the accompanying financial statements.

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Conneaut Area City School District
Ashtabula County, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension Liability	0.06911400%	0.06804570%	0.07151730%	0.07057590%	0.06833650%	0.07031120%	0.07657510%	0.07689960%	0.07448520%	0.07333000%
School District's Proportionate Share of the Net Pension Liability	\$3,818,905	\$3,680,441	\$2,638,781	\$4,668,039	\$4,088,693	\$4,026,853	\$4,575,193	\$5,628,341	\$4,250,198	\$3,711,190
School District's Employee Payroll	\$2,828,993	\$2,541,400	\$2,382,029	\$2,474,236	\$2,338,080	\$2,296,193	\$2,533,957	\$2,426,614	\$2,263,407	\$2,113,403
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	134.99%	144.82%	110.78%	188.67%	174.87%	175.37%	180.56%	231.94%	187.78%	175.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Conneaut Area City School District
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Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension Liability	0.07293636%	0.06643527%	0.06187617%	0.06570355%	0.06562625%	0.06724958%	0.07253782%	0.06904085%	0.06927763%	0.07015721%
School District's Proportionate Share of the Net Pension Liability	\$15,706,800	\$14,768,644	\$7,911,425	\$15,897,921	\$14,512,851	\$14,786,673	\$17,231,515	\$23,110,054	\$19,146,311	\$17,064,661
School District's Employee Payroll	\$9,851,393	\$8,636,900	\$7,635,114	\$7,929,393	\$7,762,479	\$7,645,143	\$7,974,643	\$7,364,580	\$7,168,129	\$7,323,310
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	159.44%	170.99%	103.62%	200.49%	186.96%	193.41%	216.08%	313.80%	267.10%	233.02%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.48%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Conneaut Area City School District

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*Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually Required Pension Contribution (1)	\$448,649	\$396,059	\$355,796	\$333,484
Pension Contributions in Relation to the Contractually Required Contribution	(\$448,649)	(\$396,059)	(\$355,796)	(\$333,484)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$3,204,636	\$2,828,993	\$2,541,400	\$2,382,029
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

(1) includes surcharge

See accompanying notes to the required supplementary information and amounts presented in Note 12

2020	2019	2018	2017	2016	2015
\$346,393	\$315,641	\$321,467	\$354,754	\$339,726	\$298,317
(\$346,393)	(\$315,641)	(\$321,467)	(\$354,754)	(\$339,726)	(\$298,317)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,474,236	\$2,338,080	\$2,296,193	\$2,533,957	\$2,426,614	\$2,263,407
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%

Conneaut Area City School District

Ashtabula County, Ohio

*Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years*

	2024	2023	2022	2021
Contractually Required Pension Contribution	\$1,352,725	\$1,379,195	\$1,209,166	\$1,068,916
Pension Contributions in Relation to the Contractually Required Contribution	(\$1,352,725)	(\$1,379,195)	(\$1,209,166)	(\$1,068,916)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$9,662,321	\$9,851,393	\$8,636,900	\$7,635,114
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information and amounts presented in Note 12

2020	2019	2018	2017	2016	2015
\$1,110,115	\$1,086,747	\$1,070,320	\$1,116,450	\$1,031,041	\$1,003,538
(\$1,110,115)	(\$1,086,747)	(\$1,070,320)	(\$1,116,450)	(\$1,031,041)	(\$1,003,538)
\$0	\$0	\$0	\$0	\$0	\$0
\$7,929,393	\$7,762,479	\$7,645,143	\$7,974,643	\$7,364,580	\$7,168,129
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Conneaut Area City School District
Ashtabula County, Ohio

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

	2024	2023	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.07085400%	0.06927970%	0.07342780%	0.07090540%	0.06973750%	0.07109970%	0.07757150%	0.07757150%
School District's Proportionate Share of the Net OPEB Liability	\$1,167,281	\$972,694	\$1,389,681	\$1,541,006	\$1,753,751	\$1,972,498	\$2,081,815	\$2,211,075
School District's Employee Payroll	\$2,828,993	\$2,541,400	\$2,382,029	\$2,474,236	\$2,338,080	\$2,296,193	\$2,533,957	\$2,426,614
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	41.26%	38.27%	58.34%	62.28%	75.01%	85.90%	82.16%	91.12%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Conneaut Area City School District
Ashtabula County, Ohio

Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio (STRS)
Last Eight Fiscal Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.07293636%	0.06643527%	0.06187617%	0.06570355%	0.06562650%	0.06724958%	0.07253782%	0.07253782%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,418,511)	(\$1,720,230)	(\$1,304,609)	(\$1,154,739)	(\$1,086,928)	(\$1,080,632)	\$2,830,158	\$3,879,341
School District's Employee Payroll	\$9,851,393	\$8,636,900	\$7,635,114	\$7,929,393	\$7,762,479	\$7,645,143	\$7,974,643	\$7,364,580
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Employee Payroll	-14.40%	-19.92%	-17.09%	-14.56%	-14.00%	-14.13%	35.49%	52.68%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	168.52%	230.70%	174.73%	182.13%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2016 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

Conneaut Area City School District

Ashtabula County, Ohio

Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio (SERS)
Last Ten Fiscal Years

	2024	2023	2022	2021
Contractually Required OPEB Contributions	\$54,352	\$50,369	\$43,721	\$45,713
OPEB Contributions in Relation to the Contractually Required Contribution	(\$54,352)	(\$50,369)	(\$43,721)	(\$45,713)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$3,204,636	\$2,828,993	\$2,541,400	\$2,382,029
Contributions as a Percentage of Employee Payroll	1.70%	1.78%	1.72%	1.92%

See accompanying notes to the required supplementary information and amounts presented in Note 13

2020	2019	2018	2017	2016	2015
\$34,526	\$52,878	\$37,385	\$41,656	\$38,599	\$61,965
(\$34,526)	(\$52,878)	(\$37,385)	(\$41,656)	(\$38,599)	(\$61,965)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,474,236	\$2,338,080	\$2,296,193	\$2,533,957	\$2,426,614	\$2,263,407
1.40%	2.26%	1.63%	1.64%	1.59%	2.74%

Conneaut Area City School District

Ashtabula County, Ohio

Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio (STRS)
Last Ten Fiscal Years

	2024	2023	2022	2021
Contractually Required OPEB Contributions	\$0	\$0	\$0	\$0
OPEB Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$9,662,321	\$9,851,393	\$8,636,900	\$7,635,114
Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information and amounts presented in Note 13

2020	2019	2018	2017	2016	2015
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$7,929,393	\$7,762,479	\$7,645,143	\$7,974,643	\$7,364,580	\$7,168,129
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported 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 fiscal year 2016 and prior are presented below:

	Fiscal Year 2022	Fiscal Year 2017	Fiscal Year 2016 & Prior
Wage inflation	2.40 Percent	3.00 Percent	3.25 Percent
Future Salary Increases, Including Inflation	3.25 to 13.58 Percent	3.50 to 18.20 Percent	4.00 to 22.00 Percent
Investment Rate of Return	7.00 Percent Net of Investment Expense, Including Inflation	7.50 Percent Net of Investment Expense, Including Inflation	7.75 Percent Net of Investment 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.

Beginning with fiscal year 2017, mortality assumptions 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.

Fiscal Year 2022

*Assumed rate of inflation was reduced from 3.00% to 2.40%

*Payroll growth assumption was reduced from 3.50% to 1.75%

*Assumed real wage growth was increased from 0.50% to 0.85%

*Cost-of-Living-Adjustments was reduced from 2.50% to 2.00%

*The discount rate was reduced from 7.50% to 7.00%

*Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement and disability were updated to reflect recent experience.

*Mortality among active members was updated to the following:

PUB-2010 General Amount Weighted Below Median Employee mortality table. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

*Mortality among service retired members was updated to the following:

PUB-2010 General Employee Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net Pension Liability

Changes in Assumptions – SERS (continued)

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

Fiscal Year 2023-2024

- *Cost-of-Living-Adjustments was increased from 2.00% to 2.50%

Changes of Benefit and Funding Terms – SERS

In fiscal year 2019, post-retirement increases in benefits included the following changes:

- *Members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3 percent of their base benefit on the anniversary of their initial date of retirement.
- *Members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to 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. COLAs are suspended for calendar years 2018, 2019, and 2020.
- *Members, or their survivors, retiring on and after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

Fiscal Year 2022-2024

None

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net Pension Liability

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 below:

	<u>Fiscal Year 2022</u>
Inflation	2.50 Percent
Projected Salary Increases	Varies by Service from 2.50 to 8.50 Percent
Investment Rate of Return	7.00 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017
	<u>Fiscal Year 2018</u>
Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017
	<u>Fiscal Year 2017 & Prior</u>
Inflation	2.75 Percent
Projected Salary Increases	12.25 Percent at Age 20 to 2.75 Percent at Age 70
Investment Rate of Return	7.75 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.50 Percent
Cost of Living Adjustments (COLA)	2 Percent Simple applied as follows: For Members Retiring Before August 1, 2013 3 percent per year. For Members retiring August 1, 2013 or later, 2 percent COLA commences on 5th anniversary 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 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. 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.

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net Pension Liability

Changes in Assumptions – STRS (continued)

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.

Fiscal Year 2022

The investment and discount rate of return changed from 7.45 percent to 7.0 percent.

Fiscal Year 2023-2024

*The investment and discount rate remained at 7.0 percent.

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

Changes in Benefit Terms - STRS

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

Fiscal Year 2023

* 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.

Conneaut Area City School District

Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net OPEB Liability

Changes in Assumptions – SERS

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 2024	3.86 percent
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 2024	4.27 percent
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

Fiscal Year 2022

- *The discount rate was changed from 2.63% to 2.27%.
- *The investment rate of return was reduced from 7.50% to 7.00%.
- *Assumed rate of inflation was reduced from 3.00% to 2.40%
- *Payroll Growth Assumption was reduced from 3.50% to 1.75%
- *Assumed real wage growth was increased from 0.50% to 0.85%
- *Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- *Rate of health care participation for future retirees and spouses was updated to reflect recent experience.

- *Mortality among active members was updated to the following:
PUB-2010 General Amount Weighted Below Median Employee mortality table.

- *Mortality among service retired members was updated to the following:
PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

- *Mortality among beneficiaries was updated to the following:
PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

- *Mortality among disabled member was updated to the following:
PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- *Mortality rates are projected using a fully generational projection with Scale MP-2020.

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net OPEB Liability

Changes in Assumptions – SERS (continued)

Fiscal Year 2023

*The discount rate was changed from 2.27% to 4.08%.

*The health care trend rates were updated.

Fiscal Year 2024

The Discount rate changed from 4.08% to 4.27%.

Health care trend rates were updated.

Assumption for percentage of pre-Medicare eligible retirees who choose the Wraparound plan was increased from 10% to 20%.

Health care trend assumption on retiree premiums was updated to not apply the trend to the \$35 surcharge.

Assumption was added to assume that 15% of pre-65 retirees who waive health care will elect coverage upon Medicare eligibility.

Morbidity factors were updated based on the society of Actuaries' June 2013 research report, Health Care Costs—From Birth to Death by Dale Yamamoto, and from the Actuarial Standards of Practice (ASOP) 6 practice note developed by the American Academy of Actuaries.

Changes of Benefit and Funding Terms – SERS

In fiscal year 2019, SERS' funding policy allowed a 2.0 percent health care contribution rate to be allocated to the Health Care fund. The 2.0 percent is a combination of 0.5 percent employer contributions and 1.5 percent surcharge.

In fiscal year 2020, SERS' funding policy allowed a 1.5 percent health care contribution rate to be allocated to the Health Care fund. The 1.5 percent is a combination of 0.0 percent employer contributions and 1.5 percent surcharge.

Fiscal Year 2022

SERS changed the Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Fiscal Year 2023

None

Fiscal Year 2024

Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Net OPEB Liability

Changes in Assumptions – STRS OPEB

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.

Fiscal Year 2022

In 2021 the investment and discount rate of return changed from 7.45 percent to 7.0 percent.

Fiscal Year 2023

Demographic assumptions were reviewed and adopted by the Board on February 17, 2022 as part of an experience study performed (report dated and accepted March 11, 2022) covering the period from July 1, 2015 to June 30, 2021, with changes going into effect June 30, 2022.

From Plan Year Ending June 30, 2022 to Plan Year Ending June 30, 2023, Medicare projected medical cost decreased 42%, the Medicare projected net pharmacy cost increased 6% and the premium charged to Medicare Eligible Retirees dropped 15%. The Non Medicare projected medical, pharmacy and premium charged to retirees increased 3%, slightly less than expected.

Fiscal Year 2024

The investment and discount rate of return remained unchanged at 7.0 percent.

Changes in Benefit Terms – STRS OPEB

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.

Conneaut Area City School District
Ashtabula County, Ohio

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Changes in Benefit Terms – STRS OPEB (continued)

For fiscal year 2021, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 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.

Fiscal Year 2022

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. The non-Medicare frozen subsidy base was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Fiscal Year 2023

The change in the 2023 subsidy percentage and the base amount for all participants, went from 2.1% per year to 2.2% per year, max 30 years, as well as the changes in Primary Care Physician office visit copays, the PBM network changes for Medicare, and the increase of the Part B premium reimbursement to \$30 per month for all retirees and surviving spouses.

Fiscal Year 2024

Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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**CONNEAUT AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	2024	\$181,727
COVID-19 School Breakfast Subsidy FY23 Carryover	10.553	2024	49,086
National School Lunch Program	10.555	2024	494,614
COVID-19 School Lunch Subsidy FY23 Carryover	10.555	2024	133,601
Non-Cash Food Commodities	10.555	2024	43,487
Special Milk Program	10.556	2024	1,979
Sub-Total - Child Nutrition Cluster			904,494
Total U.S. Department of Agriculture			904,494
<u>U.S. DEPARTMENT OF TREASURY</u>			
<i>Passed Through Ohio Office of Budget and Management:</i>			
COVID-19 -State and Local Fiscal Recovery Funds (SLFRF)	21.027	2024	65,736
Total U.S. Department of Treasury			65,736
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education and Workforce:</i>			
Title I School Subsidy	84.010A	2023	90,106
Title I School Subsidy	84.010A	2024	831,887
Sub-Total - Title I			921,993
<i>Special Education Cluster:</i>			
Special Education Grants to States - (IDEA Part B)	84.027A	2023	115,337
Special Education Grants to States - (IDEA Part B)	84.027A	2024	443,451
Sub-Total - Special Education			558,788
Early Childhood Special Education	84.173A	2023	14,868
Early Childhood Special Education	84.173A	2024	9,511
Sub-Total - Early Childhood Special Education			24,379
Total - Special Education Cluster			583,167
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) I	84.425D	2023	910
COVID-19 - American Rescue Plan (ARP) ESSER	84.425U	2023	311,188
COVID-19 - ARP ESSER	84.425U	2024	2,747,871
Total - ESSER			3,059,969
COVID-19 - ARP Homeless Children & Youth	84.425W	2023	1,770
COVID-19 - ARP Homeless Children & Youth	84.425W	2024	13,088
Total - ARP Homeless Children & Youth			14,858
Sub-Total - Education Stabilization Fund			3,074,827
Title IV - Student Support	84.424A	2024	70,984
Title II, Part A - Improving Teacher Quality	84.367A	2023	15,919
Title II, Part A - Improving Teacher Quality	84.367A	2024	93,736
Sub-Total - Title II - Part A			109,655
Rural and Low Income Grant	84.358B	2023	5,587
Rural and Low Income Grant	84.358B	2024	33,472
Sub-Total - Rural and Low Income Grant			39,059
Total U.S Department of Education			4,799,685
Totals			\$5,769,915

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

**CONNEAUT AREA CITY 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, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Conneaut Area City School District (the District) under programs of the federal government for the year ended June 30, 2024. 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 2024, the District made an allowable ESEA flexibility transfers of \$60,693 from Title IV-A (AL# 84.424) program to the Title I (AL# 84.010) program. The District spent \$60,693 on the Title IV-A program which is excluded from 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 IV-A program during fiscal year 2024 and the amount transferred to the Title I program.

Title IV-A	\$60,693
Transfer to Title I	<u>(60,693)</u>
Total Title IV-A	<u>\$0</u>

OHIO AUDITOR OF STATE KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Conneaut Area City School District
Ashtabula County
230 Gateway Avenue, Suite B
Conneaut, Ohio 44030

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 Conneaut Area City School District, Ashtabula County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 27, 2025

OHIO AUDITOR OF STATE KEITH FABER

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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

Conneaut Area City School District
Ashtabula County
230 Gateway Avenue, Suite B
Conneaut, Ohio 44030

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Conneaut Area City School District's (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 Conneaut Area City School District's major federal program for the year ended June 30, 2024. Conneaut Area City 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, Conneaut Area City 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, 2024.

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
Auditor of State
Columbus, Ohio

February 27, 2025

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**CONNEAUT AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

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; 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



CONNEAUT AREA CITY 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 3/18/2025

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