



OHIO AUDITOR OF STATE
KEITH FABER



**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY
JUNE 30, 2024**

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CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Conotton Valley Union Local School District
Carroll County
7205 Cumberland Rd SW
Bowerston, OH 44695

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 Conotton Valley Union Local School District, Carroll 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 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 Conotton Valley Union Local School District, Carroll County Ohio as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Efficient • Effective • Transparent

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

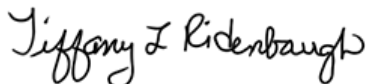
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards is required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, 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 June 25, 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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 25, 2025

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**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The management's discussion and analysis of the Conotton Valley Union Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position of governmental activities increased \$1,978,817, which represents an 8.21% increase from the 2023 net position.
- General revenues accounted for \$14,032,954 in revenue or 89.48% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$1,649,377 or 10.52% of total revenues of \$15,682,331.
- The District had \$13,703,514 in expenses related to governmental activities; \$1,649,377 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$14,032,954 were adequate to provide for these programs.
- The general fund and the permanent improvement fund are the District's major funds. The general fund had \$11,470,179 in revenues and other financing sources and \$10,197,593 in expenditures and other financing uses. During fiscal year 2024, the general fund's fund balance increased \$1,272,586 from a balance of \$5,841,210 to \$7,113,796.
- The permanent improvement fund had \$1,269,846 in revenues and other financing sources and \$1,814,922 in expenditures. During fiscal year 2024, the permanent improvement fund's fund balance decreased \$545,076 from a balance of \$1,996,252 to \$1,451,176.

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 the permanent improvement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplemental Information

The required supplementary information provides detailed information regarding the District's general fund budgetary information, the proportionate share of the net pension liability and the net OPEB liability/asset of the retirement systems, and a ten year schedule of the District's contributions to the retirement systems to fund pensions and OPEB obligations.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2024 and June 30, 2023.

	Net Position	
	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
<u>Assets</u>		
Current and other assets	\$ 35,545,903	\$ 34,480,816
Capital assets, net	<u>29,279,882</u>	<u>29,832,918</u>
Total assets	<u>64,825,785</u>	<u>64,313,734</u>
<u>Deferred Outflows of Resources</u>		
Pension	2,523,086	3,016,460
OPEB	<u>668,923</u>	<u>489,420</u>
Total deferred outflows of resources	<u>3,192,009</u>	<u>3,505,880</u>
Total assets and deferred outflows of resources	<u>68,017,794</u>	<u>67,819,614</u>
<u>Liabilities</u>		
Current liabilities	1,254,925	1,510,218
Long-term liabilities:		
Due within one year	724,822	728,564
Due within more than one year:		
Net pension liability	9,058,329	8,760,369
Net OPEB liability	770,543	614,997
Other amounts	<u>22,546,272</u>	<u>23,109,292</u>
Total liabilities	<u>34,354,891</u>	<u>34,723,440</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for the next fiscal year	5,997,649	6,994,970
Pension	474,637	700,287
OPEB	<u>1,101,594</u>	<u>1,290,711</u>
Total deferred inflows of resources	<u>7,573,880</u>	<u>8,985,968</u>
Total liabilities and deferred inflows of resources	<u>41,928,771</u>	<u>43,709,408</u>
<u>Net Position</u>		
Net investment in capital assets	6,658,550	7,021,010
Restricted	3,969,444	4,121,631
Unrestricted	<u>15,461,029</u>	<u>12,967,565</u>
Total net position	<u>\$ 26,089,023</u>	<u>\$ 24,110,206</u>

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

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

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

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

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

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

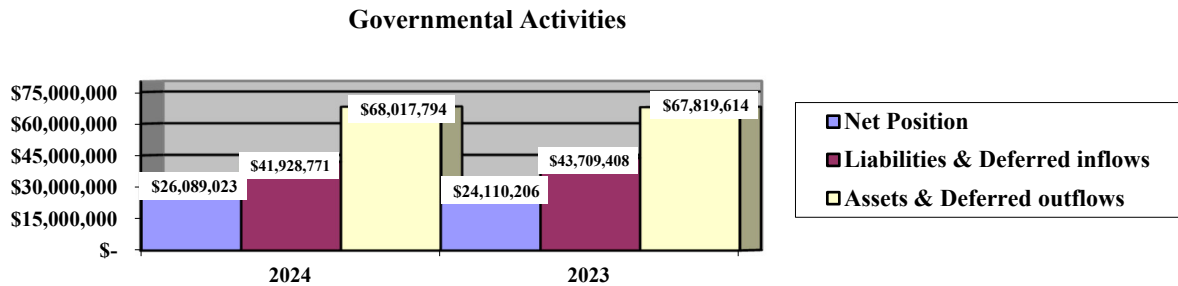
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,089,023.

Capital assets represented 45.17% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2024, was \$6,658,550. These capital assets are used to provide services to the students and are not available for future spending.

Overall, the fiscal year 2024 assets, deferred outflows of resources, liabilities, and deferred inflows remained comparable to fiscal year 2023.

A portion of the District's net position, \$3,969,444, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$15,461,029.

The graph below presents the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2024 and June 30, 2023.



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**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The table below shows the change in net position for fiscal years 2024 and 2023.

	Change in Net Position	
	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 897,650	\$ 902,674
Operating grants and contributions	751,727	1,890,866
Capital grants and contributions	-	150,000
General revenues:		
Property taxes	10,591,734	13,085,886
Payment in lieu of taxes	5,230	4,946
Grants and entitlements	2,913,314	2,824,388
Investment earnings	410,240	322,931
Other	112,436	216,643
Total revenues	<u>15,682,331</u>	<u>19,398,334</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	3,922,915	4,066,398
Special	1,807,704	1,730,288
Vocational	121	1,449
Other	17,804	12,074
Support services:		
Pupil	533,151	531,377
Instructional staff	522,890	604,428
Board of education	25,038	33,331
Administration	1,154,357	1,448,313
Fiscal	446,895	524,086
Operations and maintenance	2,290,491	2,884,676
Pupil transportation	639,023	584,887
Central	124,886	58,660
Operation of non-instructional services:		
Food service operations	406,708	298,118
Other non-instructional services	313,369	46,486
Extracurricular activities	677,616	756,267
Interest and fiscal charges	820,546	854,312
Total expenses	<u>13,703,514</u>	<u>14,435,150</u>
Change in net position	1,978,817	4,963,184
Net position at beginning of year	<u>24,110,206</u>	<u>19,147,022</u>
Net position at end of year	<u>\$ 26,089,023</u>	<u>\$ 24,110,206</u>

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Governmental Activities

Net position of the District's governmental activities increased \$1,978,817. Total governmental expenses of \$13,703,514 were offset by program revenues of \$1,649,377 and general revenues of \$14,032,954. Program revenues supported 12.04% of the total governmental expenses.

Overall, revenues decreased \$3,716,003 or 19.16% primarily due to a decrease in charges for service, operating and capital grants and contributions, and property taxes. Capital grants and contributions decreased as a result of the District receiving school safety grants in fiscal year 2023.

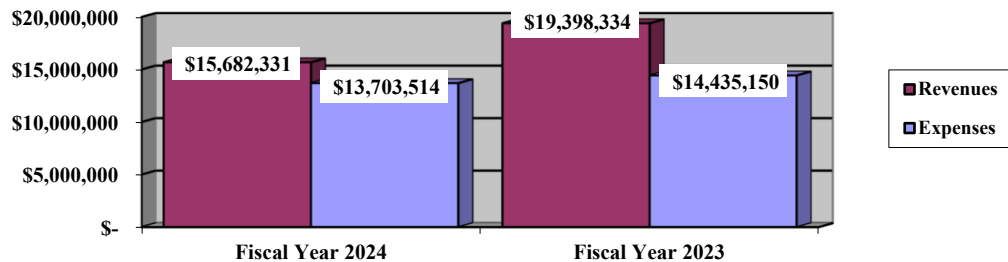
The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes, and unrestricted grants and entitlements. These revenue sources represent 86.15% of total governmental revenue.

The largest expenses of the District are for instructional and support services programs. Instructional programs expenses totaled \$5,748,544 or 41.95% and support services expenses totaled \$5,736,731 or 41.86% of total governmental expenses for fiscal year 2024.

Overall, expenses of the governmental activities remained comparable to fiscal year 2023 with a slight decrease of 5.07% in fiscal year 2024.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2024 and 2023.

Governmental Activities - Revenues and Expenses



**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

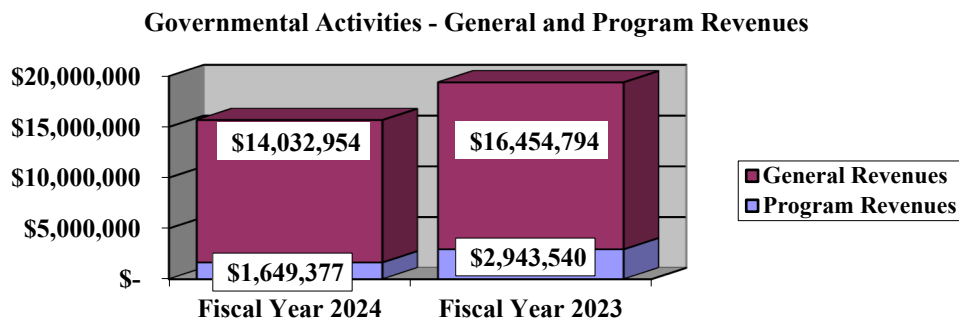
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The total and net costs of services for fiscal years 2024 and 2023 are presented below.

Governmental Activities

	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>
Program expenses				
Instruction:				
Regular	\$ 3,922,915	\$ 3,831,438	\$ 4,066,398	\$ 3,797,212
Special	1,807,704	950,512	1,730,288	666,475
Vocational	121	(7,934)	1,449	(8,158)
Other	17,804	17,804	12,074	4,397
Support services:				
Pupil	533,151	383,763	531,377	351,631
Instructional staff	522,890	515,550	604,428	591,698
Board of education	25,038	25,038	33,331	33,331
Administration	1,154,357	1,154,357	1,448,313	1,445,335
Fiscal	446,895	446,895	524,086	524,086
Operations and maintenance	2,290,491	2,263,177	2,884,676	1,955,478
Pupil transportation	639,023	630,217	584,887	566,348
Central	124,886	120,891	58,660	55,060
Operation of non-instructional services:				
Food service operations	406,708	88,840	298,118	30,089
Other non-instructional services	313,369	307,745	46,486	45,138
Extracurricular activities	677,616	505,298	756,267	579,178
Interest and fiscal charges	820,546	820,546	854,312	854,312
Total expenses	<u>\$ 13,703,514</u>	<u>\$ 12,054,137</u>	<u>\$ 14,435,150</u>	<u>\$ 11,491,610</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 83.36% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.96%. The District's taxpayers and grants and entitlements not restricted to specific programs, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2024 and 2023.



**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The District's Funds

The District's governmental funds reported a combined fund balance of \$8,871,189, which is \$252,774 higher than last year's total of \$8,618,415. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	<u>Fund Balance June 30, 2024</u>	<u>Fund Balance June 30, 2023</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 7,113,796	\$ 5,841,210	\$ 1,272,586	21.79 %
Permanent Improvement	1,451,176	1,996,252	(545,076)	(27.30) %
Nonmajor Governmental	<u>306,217</u>	<u>780,953</u>	<u>(474,736)</u>	(60.79) %
Total	<u>\$ 8,871,189</u>	<u>\$ 8,618,415</u>	<u>\$ 252,774</u>	2.93 %

General Fund

The District's general fund balance increased \$1,272,586.

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

	<u>2024 Amount</u>	<u>2023 Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 7,164,310	\$ 6,583,911	\$ 580,399	8.82 %
PILOT	5,230	4,946	284	5.74 %
Intergovernmental	3,086,048	3,026,808	59,240	1.96 %
Investment earnings	411,937	318,915	93,022	29.17 %
Tuition and fees	657,828	643,001	14,827	2.31 %
Other revenues	<u>139,406</u>	<u>273,511</u>	<u>(134,105)</u>	(49.03) %
Total	<u>\$ 11,464,759</u>	<u>\$ 10,851,092</u>	<u>\$ 613,667</u>	5.66 %
<u>Expenditures</u>				
Instruction	\$ 5,017,234	\$ 4,931,575	\$ 85,659	1.74 %
Support services	4,173,413	5,022,629	(849,216)	(16.91) %
Non-instructional services	295,943	45,153	250,790	555.42 %
Extracurricular activities	143,948	452,438	(308,490)	(68.18) %
Debt service	<u>24,160</u>	<u>24,160</u>	<u>-</u>	- %
Total	<u>\$ 9,654,698</u>	<u>\$ 10,475,955</u>	<u>\$ (821,257)</u>	(7.84) %

Revenues of the general fund increased \$613,667 or 5.66%. Earnings on investments increased \$93,022 or 29.17% primarily due to increased investment value and an increase in interest rates. Other revenues decreased \$134,105 or 49.03% due to a decrease in miscellaneous revenues received during fiscal year 2024.

Expenditures of the general fund decreased \$821,257 or 7.84% due to the District's cost containment efforts in fiscal year 2024.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Permanent Improvement Fund

The permanent improvement fund had \$1,269,846 in revenues and other financing sources and \$1,814,922 in expenditures. During fiscal year 2024, the permanent improvement fund's fund balance decreased \$545,076.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$11,965,726, which was more than the original budgeted revenues and other financing sources of \$11,041,190 primarily due to an increase in estimated property tax revenue. Actual revenues and other financing sources for fiscal year 2024 were \$11,971,146, which was \$5,420 more than the final budgeted revenues and other financing sources.

General fund original appropriations were \$8,900,715. Final appropriations and other financing uses of \$10,113,222 were \$1,212,507 more than the original appropriations primarily due to higher cost of services. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$11,066,339, which was \$953,117 more than final budgeted appropriations and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the District had \$29,279,882 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2024 balances compared to June 30, 2023:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	<u>2024</u>	<u>2023</u>
Land	\$ 161,494	\$ 161,494
Construction in progress	19,415,233	21,230,994
Land improvements	4,659,680	3,013,311
Building and improvements	4,198,361	4,364,598
Furniture and equipment	407,872	749,227
Vehicles	437,242	313,294
Total	<u>\$ 29,279,882</u>	<u>\$ 29,832,918</u>

Total additions to capital assets for 2024 were \$245,226. Depreciation expense for fiscal year 2024 was \$469,070 and net capital asset disposals were \$329,192 which was primarily due to the District disposing of previous capitalized assets between \$1,500 and \$4,999. The District increased their capital asset threshold from \$1,500 to \$5,000 during fiscal year 2024. Overall, capital assets of the District decreased \$553,036. See Note 7 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2024, the District had \$209,513 in notes payable, \$5,980 in an H.B. 264 loan and \$21,330,000 in certificates of participation outstanding; of these amounts, \$689,496 is due within one year and \$20,855,997 is due in more than one year.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following table provides a summary of the District's long-term obligations outstanding at June 30, 2024 and 2023:

	<u>Governmental Activities 2024</u>	<u>Governmental Activities 2023</u>
Notes payable - financed purchase agreement	\$ 209,513	\$ 57,438
H.B. 264 Loan	5,980	29,314
Certificates of participation	<u>21,330,000</u>	<u>21,925,000</u>
Total	<u>\$ 21,545,493</u>	<u>\$ 22,011,752</u>

For further information regarding the District's long-term obligations, refer to Note 8 in the basic financial statements.

At June 30, 2024, the District's overall legal voted debt margin was \$36,064,657 and the unvoted debt margin was \$400,718.

Current Financial Related Activities

For fiscal year 2025, the District will be able to meet its obligations. The District relies upon property taxes and the State foundation program. The District's property tax revenue collection is expected to increase slightly in fiscal year 2025. This tax revenue, along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses in fiscal year 2025.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Denise Ketchum, Treasurer, Conotton Valley Union Local School District, 21 Mound Street, P.O. Box 187, Sherrodsville, Ohio 44675.

BASIC
FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,391,236
Cash with fiscal agent	2,407
Receivables:	
Property taxes	25,403,490
Accounts	12,468
Intergovernmental	94,076
Prepayments	47,129
Materials and supplies inventory	1,142
Inventory held for resale	3,701
Net OPEB asset	590,254
Capital assets:	
Nondepreciable capital assets	19,576,727
Depreciable capital assets, net	9,703,155
Capital assets, net	<u>29,279,882</u>
Total assets	<u>64,825,785</u>
Deferred outflows of resources:	
Pension	2,523,086
OPEB	668,923
Total deferred outflows of resources	<u>3,192,009</u>
Liabilities:	
Accounts payable	35,240
Accrued wages and benefits payable	873,717
Intergovernmental payable	55,420
Pension and postemployment benefits payable	210,643
Accrued interest payable	79,905
Long-term liabilities:	
Due within one year	724,822
Due in more than one year:	
Net pension liability	9,058,329
Net OPEB liability	770,543
Other amounts due in more than one year	22,546,272
Total liabilities	<u>34,354,891</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	5,997,649
Pension	474,637
OPEB	1,101,594
Total deferred inflows of resources	<u>7,573,880</u>
Net position:	
Net investment in capital assets	6,658,550
Restricted for:	
OPEB	590,254
Capital improvements	3,324,369
Extracurricular activities	54,552
Other purposes	269
Unrestricted	<u>15,461,029</u>
Total net position	<u>\$ 26,089,023</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental activities:				
Instruction:				
Regular	\$ 3,922,915	\$ 40,570	\$ 50,907	\$ (3,831,438)
Special	1,807,704	617,258	239,934	(950,512)
Vocational	121	-	8,055	7,934
Other	17,804	-	-	(17,804)
Support services:				
Pupil	533,151	-	149,388	(383,763)
Instructional staff	522,890	-	7,340	(515,550)
Board of education	25,038	-	-	(25,038)
Administration	1,154,357	-	-	(1,154,357)
Fiscal	446,895	-	-	(446,895)
Operations and maintenance	2,290,491	4,935	22,379	(2,263,177)
Pupil transportation	639,023	-	8,806	(630,217)
Central	124,886	-	3,995	(120,891)
Operation of non-instructional services:				
Food service operations	406,708	98,269	219,599	(88,840)
Other non-instructional services	313,369	-	5,624	(307,745)
Extracurricular activities	677,616	136,618	35,700	(505,298)
Interest and fiscal charges	820,546	-	-	(820,546)
Total governmental activities	<u>\$ 13,703,514</u>	<u>\$ 897,650</u>	<u>\$ 751,727</u>	<u>(12,054,137)</u>
General revenues:				
Property taxes levied for				
General purposes				9,352,821
Capital outlay				1,238,913
Payments in lieu of taxes				5,230
Grants and entitlements not restricted				
to specific programs				2,913,314
Investment earnings				410,240
Miscellaneous				112,436
Total general revenues:				<u>14,032,954</u>
Change in net position				1,978,817
Net position at beginning of year				<u>24,110,206</u>
Net position at end of year				<u>\$ 26,089,023</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 7,631,526	\$ 1,361,794	\$ 397,916	\$ 9,391,236
Cash with fiscal agent	-	-	2,407	2,407
Receivables:				
Property taxes	22,692,468	2,711,022	-	25,403,490
Accounts	12,178	-	290	12,468
Interfund loans	30,990	-	-	30,990
Intergovernmental	3,482	-	90,594	94,076
Prepayments	46,858	-	271	47,129
Materials and supplies inventory	-	-	1,142	1,142
Inventory held for resale	-	-	3,701	3,701
Total assets	<u>\$ 30,417,502</u>	<u>\$ 4,072,816</u>	<u>\$ 496,321</u>	<u>\$ 34,986,639</u>
Liabilities:				
Accounts payable	\$ 34,740	\$ -	\$ 500	\$ 35,240
Accrued wages and benefits payable	780,371	-	93,346	873,717
Intergovernmental payable	54,212	-	1,208	55,420
Pension and postemployment benefits payable	207,439	-	3,204	210,643
Interfund loans payable	-	-	30,990	30,990
Total liabilities	<u>1,076,762</u>	<u>-</u>	<u>129,248</u>	<u>1,206,010</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	5,326,700	670,949	-	5,997,649
Delinquent property tax revenue not available	16,899,169	1,950,691	-	18,849,860
Intergovernmental revenue not available	-	-	60,856	60,856
Miscellaneous revenue not available	1,075	-	-	1,075
Total deferred inflows of resources	<u>22,226,944</u>	<u>2,621,640</u>	<u>60,856</u>	<u>24,909,440</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	1,142	1,142
Prepays	46,858	-	271	47,129
Restricted:				
Capital improvements	-	1,451,176	345,292	1,796,468
Extracurricular activities	-	-	54,552	54,552
Other purposes	-	-	269	269
Assigned:				
Student instruction	22,456	-	-	22,456
Student and staff support	201,978	-	-	201,978
Other non-instructional services	20,227	-	-	20,227
Subsequent year's appropriations	543,222	-	-	543,222
Unassigned (deficit)	<u>6,279,055</u>	<u>-</u>	<u>(95,309)</u>	<u>6,183,746</u>
Total fund balances	<u>7,113,796</u>	<u>1,451,176</u>	<u>306,217</u>	<u>8,871,189</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 30,417,502</u>	<u>\$ 4,072,816</u>	<u>\$ 496,321</u>	<u>\$ 34,986,639</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Total governmental fund balances		\$ 8,871,189
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		29,279,882
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 18,849,860	
Accounts receivable	1,075	
Intergovernmental receivable	60,856	
Total		18,911,791
Unamortized premiums on bonds issued are not recognized in the funds.		(1,424,704)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(79,905)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	2,523,086	
Deferred inflows - pension	(474,637)	
Net pension liability	(9,058,329)	
Deferred outflows - OPEB	668,923	
Deferred inflows - OPEB	(1,101,594)	
Net OPEB asset	590,254	
Net OPEB liability	(770,543)	
Total		(7,622,840)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Certificates of participation	(21,330,000)	
Notes payable	(209,513)	
H.B. 264 loan	(5,980)	
Compensated absences	(300,897)	
Total		(21,846,390)
Net position of governmental activities		<u><u>\$ 26,089,023</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 7,164,310	\$ 1,006,607	\$ -	\$ 8,170,917
Intergovernmental	3,086,048	45,092	631,244	3,762,384
Investment earnings	411,937	-	(1,697)	410,240
Tuition and fees	657,828	-	-	657,828
Extracurricular	18,616	-	118,221	136,837
Rental income	4,935	-	-	4,935
Charges for services	-	-	98,269	98,269
Contributions and donations	2,750	-	32,495	35,245
Payment in lieu of taxes	5,230	-	-	5,230
Miscellaneous	113,105	-	10,905	124,010
Total revenues	<u>11,464,759</u>	<u>1,051,699</u>	<u>889,437</u>	<u>13,405,895</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,600,505	-	76,099	3,676,604
Special	1,398,804	-	329,112	1,727,916
Vocational	121	-	-	121
Other	17,804	-	-	17,804
Support services:				
Pupil	353,844	-	156,154	509,998
Instructional staff	495,543	-	7,340	502,883
Board of education	24,645	-	-	24,645
Administration	1,076,485	-	-	1,076,485
Fiscal	411,839	21,307	-	433,146
Operations and maintenance	1,173,731	20,781	104,436	1,298,948
Pupil transportation	528,552	-	-	528,552
Central	108,774	-	16,112	124,886
Operation of non-instructional services				
Food service operations	-	-	392,416	392,416
Other non-instructional services	295,943	-	6,252	302,195
Extracurricular activities	143,948	-	500,506	644,454
Facilities acquisition and construction	-	7,783	313,221	321,004
Capital outlay	-	218,147	-	218,147
Debt service:				
Principal retirement	23,334	661,072	-	684,406
Interest and fiscal charges	826	885,832	-	886,658
Total expenditures	<u>9,654,698</u>	<u>1,814,922</u>	<u>1,901,648</u>	<u>13,371,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,810,061</u>	<u>(763,223)</u>	<u>(1,012,211)</u>	<u>34,627</u>
Other financing sources (uses):				
Transfers in	5,420	-	542,895	548,315
Transfers (out)	(542,895)	-	(5,420)	(548,315)
Financed purchase transaction	-	218,147	-	218,147
Total other financing sources (uses)	<u>(537,475)</u>	<u>218,147</u>	<u>537,475</u>	<u>218,147</u>
Net change in fund balances	1,272,586	(545,076)	(474,736)	252,774
Fund balances at beginning of year	5,841,210	1,996,252	780,953	8,618,415
Fund balances at end of year	<u>\$ 7,113,796</u>	<u>\$ 1,451,176</u>	<u>\$ 306,217</u>	<u>\$ 8,871,189</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL 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 **\$ 252,774**

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is allocated over their estimated useful lives as
depreciation expense.

Capital asset additions	\$ 245,226	
Current year depreciation	(469,070)	
Total		(223,844)

The net effect of various miscellaneous transactions involving
capital assets (i.e., sales, disposals, trade-ins, and donations) is to
decrease net position. (329,192)

Revenues in the statement of activities that do not provide
current financial resources are not reported as revenues in
the funds.

Property taxes	2,420,817	
Other local revenues	(3,638)	
Intergovernmental	(140,743)	
Total		2,276,436

Repayment of debt is an expenditure in the governmental funds
but the repayment reduces long-term liabilities
on the statement of net position. 684,406

Issuances of financed purchase agreements are recorded as other financing
sources in the funds; however, in the statement of activities, they are
not reported as other financing sources as they increase liabilities
on the statement of net position. (218,147)

In the statement of activities, interest is accrued on outstanding bonds,
whereas in governmental funds, an interest expenditure is reported
when due. The following items resulted in less interest being
reported in the statement of activities:

Increase in accrued interest payable	(3,400)	
Amortization of certificates of participation premiums	69,512	
Total		66,112

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

Pension	805,261	
OPEB	33,464	
Total		838,725

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	(1,370,945)	
OPEB	21,175	
Total		(1,349,770)

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.

(18,683)

Change in net position of governmental activities **\$ 1,978,817**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board controls the District's 1 instructional/support facility staffed by 5 administrators, 39 classified and 55 certified full-time teaching personnel, who provide services to approximately 511 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA is a computer service organization whose primary function is to provide information technology services to its member districts with the major emphasis being placed on accounting, payroll and inventory control services. Other areas of service provided by OME-RESA include pupil scheduling, attendance and grade reporting, career guidance services, special education records and test scoring.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

OME-RESA is one of 23 regional service organizations serving over 600 public districts in the State of Ohio that make up the Ohio Educational Computer network (OECN). These service organizations are known as Data Acquisition Sites. The OECN is a collective group of Data Acquisition Sites, authorized pursuant to Section 3301.075 of the Ohio Revised Code and their member districts. Such sites, in conjunction with the Department of Education and Workforce (DEW), comprise a statewide delivery system to provide comprehensive, cost-efficient accounting and other administrative and instructional computer services for participating Ohio districts.

Major funding for this network is derived from the State of Ohio. In addition, a majority of the software utilized by the OME-RESA is developed by the DEW.

OME-RESA is owned and operated by 49 member districts in 10 different Ohio counties. The member districts are comprised of public districts and educational service centers. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a Board of Directors, which is selected by the member districts. Each member district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the Board of Directors.

OME-RESA is located at 2023 Sunset Blvd., Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts and acts in the capacity of fiscal agent for OME-RESA.

INSURANCE PURCHASING POOLS

Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association (OSBA) / Sedgwick, Inc. Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OSBA and administered by Sedgwick, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

B. Fund Accounting

The 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 District does not have fiduciary or 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 and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

Permanent improvement fund - The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

C. Basis of Presentation and Measurement Focus

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

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

The government-wide financial statements are prepared using the economic resources measurement focus. All assets 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.

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange 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 5).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds, except custodial funds. The specific timetable for fiscal year 2024 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Harrison County Budget Commission for tax rate determination. The Harrison County Budget Commission waived this requirement for fiscal year 2024.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary schedule, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2024.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for the general fund and for all other funds, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2024; however, none of these amendments were significant.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

During fiscal year 2024, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the building fund and the private-purpose trust funds. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$411,937, which includes \$106,317 assigned from other District funds.

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

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

G. Inventory

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

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

H. Capital Assets

General capital assets are those assets specifically related to governmental activities. 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 deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Interfund Balances

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

J. Compensated Absences

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2024, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. 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 year. Notes, loans and certificates of participation are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

L. Fund Balance

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

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

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

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

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

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

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

M. Net Position

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

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CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Interfund Activity

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

S. Certificate of Participation Premium

On the government-wide financial statements, certificate of participation premiums are deferred and amortized over the term of the certificate of participation using the straight-line method, which approximates the effective interest method. Certificate of participation premiums are presented as an addition to the face amount of the certificate of participation.

On the governmental fund financial statements, certificate of participation premiums and discounts are recognized in the current period. A reconciliation between the certificate of participation face value and the amount reported on the statement of net position is presented in Note 8.A.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

T. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

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

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

GASB Statement No. 100 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 GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service operations	\$ 24,573
Public School Preschool	7,926
IDEA, Part B	20,301
Title I, Disadvantaged Children	27,289
Student Support and Academic Enrichment	2,044
IDEA Preschool Grant for the Handicapped	919
Supporting Effective Instruction	2,377
Miscellaneous Federal Grants	8,467

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all District deposits was \$2,172,463. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2024, \$104,867 of the District's bank balance of \$2,200,044 was exposed to custodial risk as discussed below, while \$2,095,177 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Cash with Fiscal Agent

At fiscal year-end, \$2,407 of the District's funds were invested in an escrow fund with US Bank as part of the District's certificates of participation issuance. The money held by the fiscal agent is not included in the District's carrying value.

C. Investments

As of June 30, 2024, the District had the following investment and maturity:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	Investment Maturity <u>6 months or less</u>
<i>Amortized Cost:</i>		
STAR Ohio	<u>\$ 7,218,773</u>	<u>\$ 7,218,773</u>

The weighted average maturity of investments is one day.

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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 or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2024:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>% of Total</u>
<i>Amortized Cost:</i>		
STAR Ohio	<u>\$ 7,218,773</u>	<u>100.00%</u>

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

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

Cash and investments per note

Carrying amount of deposits	\$ 2,172,463
Investments	7,218,773
Cash with fiscal agent	<u>2,407</u>
Total	<u>\$ 9,393,643</u>

Cash and investments per statement of net position

Governmental activities	<u>\$ 9,393,643</u>
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NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 - PROPERTY TAXES - (Continued)

The District receives property taxes from Harrison and Carroll Counties. The County Auditors periodically advance to the District their 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 as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 466,599	\$ 298,799
Permanent improvement fund	89,382	51,431

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal 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.

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

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 113,380,260	30.71	\$ 152,015,800	37.94
Public utility personal	<u>255,836,110</u>	<u>69.29</u>	<u>248,702,610</u>	<u>62.06</u>
Total	<u>\$ 369,216,370</u>	<u>100.00</u>	<u>\$ 400,718,410</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$37.15		\$37.15	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2024 consisted of property taxes, accounts (billings for user charged services and student fees), 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 year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 25,403,490
Accounts	12,468
Intergovernmental	<u>94,076</u>
Total	<u>\$ 25,510,034</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 7 - CAPITAL ASSETS

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

	Balance 06/30/23	Additions	Deductions	Balance 06/30/24
Governmental activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 161,494	\$ -	\$ -	\$ 161,494
Construction in progress	21,230,994	7,783	(1,823,544)	19,415,233
Total capital assets, not being depreciated	21,392,488	7,783	(1,823,544)	19,576,727
<i>Capital assets, being depreciated:</i>				
Land improvements	3,812,468	1,829,345	-	5,641,813
Buildings and improvements	5,700,402	-	(41,647)	5,658,755
Furniture and equipment	1,694,282	13,495	(687,575)	1,020,202
Vehicles	1,069,338	218,147	(288,868)	998,617
Total capital assets, being depreciated	12,276,490	2,060,987	(1,018,090)	13,319,387
<i>Less: accumulated depreciation</i>				
Land improvements	(799,157)	(182,976)	-	(982,133)
Buildings and improvements	(1,335,804)	(134,037)	9,447	(1,460,394)
Furniture and equipment	(945,055)	(69,679)	402,404	(612,330)
Vehicles	(756,044)	(82,378)	277,047	(561,375)
Total accumulated depreciation	(3,836,060)	(469,070)	688,898	(3,616,232)
Governmental activities capital assets, net	\$ 29,832,918	\$ 1,599,700	\$ (2,152,736)	\$ 29,279,882

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 16,540
Special	100

Support services:

Instructional staff	1,009
Administration	15,605
Operations and maintenance	357,372
Pupil transportation	74,669
Extracurricular activities	3,444
Food service operations	331
Total depreciation expense	\$ 469,070

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS

A. During fiscal year 2024, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding 06/30/23	Additions	Reductions	Balance Outstanding 06/30/24	Amounts Due in One Year
Governmental activities:					
Notes payable - financed purchase	\$ 57,438	\$ 218,147	\$ (66,072)	\$ 209,513	\$ 58,516
Certificates of participation	21,925,000	-	(595,000)	21,330,000	625,000
H.B. 264 project loan	29,314	-	(23,334)	5,980	5,980
Compensated absences	331,888	20,000	(50,991)	300,897	35,326
Net pension liability	8,760,369	297,960	-	9,058,329	-
Net OPEB liability	614,997	155,546	-	770,543	-
Total long-term obligations, governmental activities	<u>\$ 31,719,006</u>	<u>\$ 691,653</u>	<u>\$ (735,397)</u>	31,675,262	<u>\$ 724,822</u>
		Add: Unamortized premium		<u>1,424,704</u>	
		Total reported on statement of net position:		<u>\$ 33,099,966</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employees salaries are paid which, for the District, is primarily the general fund and the food service fund (a non-major governmental fund).

Net Pension Liability: See Note 10 for details. The District pays the obligations related to employee compensation from the fund benefiting from their service.

Net OPEB Liability: See Note 11 for details. The District pays the obligations related to employee compensation from the fund benefiting from their service.

B. Series 2015 Certificates of Participation ("COPs") - On April 22, 2015, the District issued \$2,500,000 in certificates of participation ("COPs") for the purpose of a building improvement project. Principal and interest payments are made from the permanent improvement fund. The interest rate on the COPs is 1.00 - 5.00%.

Interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2044.

The following is a summary of the District's future annual debt service requirements to maturity for the COPs:

Fiscal Year	Series 2015 COPs		
	Principal	Interest	Total
2025	\$ 60,000	\$ 89,100	\$ 149,100
2026	60,000	86,700	146,700
2027	65,000	83,875	148,875
2028	70,000	80,500	150,500
2029	70,000	77,000	147,000
2030 - 2034	410,000	326,750	736,750
2035 - 2039	525,000	215,475	740,475
2040 - 2044	650,000	96,000	746,000
2045	145,000	2,900	147,900
Total	<u>\$ 2,055,000</u>	<u>\$ 1,058,300</u>	<u>\$ 3,113,300</u>

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

- C. Series 2019 Certificates of Participation (“COPs”) - On June 13, 2019, the District issued \$22,000,000 in certificates of participation (“COPs”) for the purpose of constructing a new community center. Principal and interest payments are made from the permanent improvement fund. The interest rate on the COPs is 3.125 - 5.00%.

Interest payments on the COPs are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2044.

The following is a summary of the District’s future annual debt service requirements to maturity for the COPs:

Fiscal Year	Series 2019 COPs		
	Principal	Interest	Total
2025	\$ 565,000	\$ 789,088	\$ 1,354,088
2026	595,000	760,837	1,355,837
2027	625,000	731,088	1,356,088
2028	655,000	699,837	1,354,837
2029	690,000	667,088	1,357,088
2030 - 2034	3,990,000	2,783,687	6,773,687
2035 - 2039	4,935,000	1,830,038	6,765,038
2040 - 2044	5,905,000	865,087	6,770,087
2045	1,315,000	41,094	1,356,094
Total	<u>\$ 19,275,000</u>	<u>\$ 9,167,844</u>	<u>\$ 28,442,844</u>

- D. H.B. 264 Project Loan - On July 23, 2014, the District entered an agreement with Energy Optimizers, USA in the amount of \$241,600 for the purpose of a building improvement project. The interest rate on the agreement is 4.00%.

The following is a summary of the District’s future annual debt service requirements to maturity for the loan:

Fiscal Year	H.B. 264 Loan		
	Principal	Interest	Total
2025	\$ 5,980	\$ 60	\$ 6,040
Total	<u>\$ 5,980</u>	<u>\$ 60</u>	<u>\$ 6,040</u>

- E. Notes payable - financed purchased agreement - During the current fiscal year and in prior fiscal years, the District entered into financed-purchase agreements for the acquisition of school buses.

The payments will be recorded as expenditures in the governmental funds. During fiscal year 2024, the District made \$66,072 and \$2,855 of principal and interest payments, respectively.

The following is a schedule of future payments under the financed-purchase agreements:

Fiscal Year	Notes Payable		
	Principal	Interest	Total
2025	\$ 58,516	\$ 10,411	\$ 68,927
2026	61,255	7,672	68,927
2027	43,703	4,801	48,504
2028	46,039	2,465	48,504
Total	<u>\$ 209,513</u>	<u>\$ 25,349</u>	<u>\$ 234,862</u>

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

- F. Legal Debt Margin - The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2024, are a voted debt margin of \$36,064,657 and an unvoted debt margin of \$400,718.

NOTE 9 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured.

The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Hylant Admin. Services		
Each occurrence		\$ 2,000,000	No Deductible
Aggregate		4,000,000	No Deductible
Property	Liberty Mutual	22,267,607	\$1,000
Fleet:	Liberty Mutual		
Liability		2,000,000	0
Collision		Actual Cash Basis Value	500
Uninsured motorist		1,000,000	0
Auto medical		5,000	0
Physical Damage:			
Comprehensive		Actual Cash Basis Value	100

B. Health Insurance

For fiscal year 2024, the District has elected to provide health care benefits to employees and administrators through MedBen, located in Newark, Ohio. The family monthly premium for Medical/Rx/Dental insurance was \$2,198.31 of which certified staff members contributed \$22/month and classified staff members contributed \$20/month. The board paid the balance.

The single monthly premium for Medical/Rx/Dental insurance was \$815.20, of which certified staff members contributed \$11/month and classified staff members contributed \$10/month. The board paid the balance.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. 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 \$251,757 for fiscal year 2024. Of this amount, \$83,561 is reported as pension and postemployment benefits payable.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% 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 \$553,504 for fiscal year 2024. Of this amount, \$91,212 is reported as pension and postemployment benefits payable.

Net 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 contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.043127500%	0.028914360%	
Proportion of the net pension liability current measurement date	<u>0.045674900%</u>	<u>0.030343980%</u>	
Change in proportionate share	<u>0.002547400%</u>	<u>0.001429620%</u>	
Proportionate share of the net pension liability	\$ 2,523,771	\$ 6,534,558	\$ 9,058,329
Pension expense	\$ 373,518	\$ 997,427	\$ 1,370,945

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 108,477	\$ 238,240	\$ 346,717
Changes of assumptions	17,877	538,156	556,033
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	135,724	679,351	815,075
Contributions subsequent to the measurement date	<u>251,757</u>	<u>553,504</u>	<u>805,261</u>
Total deferred outflows of resources	<u>\$ 513,835</u>	<u>\$ 2,009,251</u>	<u>\$ 2,523,086</u>

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 14,501	\$ 14,501
Net difference between projected and actual earnings on pension plan investments	35,475	19,585	55,060
Changes of assumptions	<u>-</u>	<u>405,076</u>	<u>405,076</u>
Total deferred inflows of resources	<u>\$ 35,475</u>	<u>\$ 439,162</u>	<u>\$ 474,637</u>

\$805,261 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ 81,562	\$ 319,058	\$ 400,620
2026	(51,101)	(28,068)	(79,169)
2027	194,261	704,847	899,108
2028	<u>1,881</u>	<u>20,748</u>	<u>22,629</u>
Total	<u>\$ 226,603</u>	<u>\$ 1,016,585</u>	<u>\$ 1,243,188</u>

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 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. Future benefits for all current plan members were projected through 2137.

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.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

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

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did 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. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. 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%.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,724,961	\$ 2,523,771	\$ 1,512,002

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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.

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

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

* Final target weights reflected at October 1, 2022.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 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 the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' 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 7.00% was applied to all periods of projected benefit payments 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 represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 10,048,703	\$ 6,534,558	\$ 3,562,552

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% 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.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 10 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.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$33,464.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$33,464 for fiscal year 2024. Of this amount, \$33,464 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The net OPEB liability/asset was measured as of June 30, 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.043802900%	0.028914360%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.046772000%</u>	<u>0.030349398%</u>	
Change in proportionate share	<u>0.002969100%</u>	<u>0.001435038%</u>	
Proportionate share of the net OPEB liability	\$ 770,543	\$ -	\$ 770,543
Proportionate share of the net OPEB asset	\$ -	\$ (590,254)	\$ (590,254)
OPEB expense	\$ (8,543)	\$ (12,632)	\$ (21,175)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,606	\$ 924	\$ 2,530
Net difference between projected and actual earnings on OPEB plan investments	5,970	1,053	7,023
Changes of assumptions	260,541	86,953	347,494
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	261,512	16,900	278,412
Contributions subsequent to the measurement date	<u>33,464</u>	<u>-</u>	<u>33,464</u>
Total deferred outflows of resources	<u>\$ 563,093</u>	<u>\$ 105,830</u>	<u>\$ 668,923</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 397,397	\$ 90,027	\$ 487,424
Changes of assumptions	218,842	389,444	608,286
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>5,884</u>	<u>5,884</u>
Total deferred inflows of resources	<u>\$ 616,239</u>	<u>\$ 485,355</u>	<u>\$ 1,101,594</u>

\$33,464 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ (39,937)	\$ (161,248)	\$ (201,185)
2026	(36,825)	(77,399)	(114,224)
2027	(18,855)	(30,030)	(48,885)
2028	(14,646)	(41,923)	(56,569)
2029	(13,535)	(38,551)	(52,086)
Thereafter	<u>37,188</u>	<u>(30,374)</u>	<u>6,814</u>
Total	<u>\$ (86,610)</u>	<u>\$ (379,525)</u>	<u>\$ (466,135)</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.

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**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

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

In 2023, the following mortality assumptions were used:

Healthy Retirees - 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

Disabled Retirees - 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.

Contingent Survivors - 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.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering 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 long-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, 7.00%, 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 long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Geometric)
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% 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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 984,974	\$ 770,543	\$ 601,455

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 566,091	\$ 770,543	\$ 1,041,469

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, compared with June 30, 2022 actuarial valuation, are presented below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.00%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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.

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

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

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

* 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% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 499,573	\$ 590,254	\$ 669,228
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	\$ 672,892	\$ 590,254	\$ 490,717

NOTE 12 - 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 a party to legal proceedings. However, the outcome of any legal action is unknown at this time and the District is not able to estimate the financial impact, if any, on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, DEW adjustments for fiscal year 2024 have been finalized. The final adjustment was not material and is not reflected in the accompanying financial statements.

NOTE 13 - SET-ASIDES

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

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 13 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	102,504
Current year offsets	<u>(1,013,748)</u>
Total	<u>\$ (911,244)</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

NOTE 14 - COMMITMENTS

Encumbrances

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 222,804
Nonmajor governmental funds	<u>118,498</u>
Total	<u>\$ 341,302</u>

NOTE 15 - INTERFUND TRANSACTIONS

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

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 542,895
<u>Transfers from nonmajor governmental funds to:</u>	
General fund	<u>5,420</u>
Total	<u>\$ 548,315</u>

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

All transfers made in fiscal year 2024 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 15 - INTERFUND TRANSACTIONS – (Continued)

- B.** Interfund balances at June 30, 2024 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 30,990</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. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 11,041,190	\$ 11,965,726	\$ 11,971,146	\$ 5,420
Budgetary expenditures and other financing uses	8,900,715	10,113,222	11,066,339	953,117
Net change in fund balance	2,140,475	1,852,504	904,807	(947,697)
Budgetary fund balance at beginning of year	6,016,943	6,016,943	6,016,943	-
Prior year encumbrances appropriated	426,367	426,367	426,367	-
Budgetary fund balance at end of year	<u>\$ 8,583,785</u>	<u>\$ 8,295,814</u>	<u>\$ 7,348,117</u>	<u>\$ (947,697)</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.04567490%	\$ 2,523,771	\$ 1,994,607	126.53%	76.06%
2023	0.04312750%	2,332,671	1,683,771	138.54%	75.82%
2022	0.04232440%	1,561,648	1,604,736	97.31%	82.86%
2021	0.03747850%	2,478,907	1,232,757	201.09%	68.55%
2020	0.03132300%	1,874,110	1,263,052	148.38%	70.85%
2019	0.02663020%	1,525,161	883,022	172.72%	71.36%
2018	0.02632500%	1,572,861	977,250	160.95%	69.50%
2017	0.02324720%	1,701,481	748,264	227.39%	62.98%
2016	0.02046890%	1,167,975	616,222	189.54%	69.16%
2015	0.01855800%	939,210	539,250	174.17%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 251,757	\$ (251,757)	\$ -	\$ 1,798,264	14.00%
2023	279,245	(279,245)	-	1,994,607	14.00%
2022	235,728	(235,728)	-	1,683,771	14.00%
2021	224,663	(224,663)	-	1,604,736	14.00%
2020	172,586	(172,586)	-	1,232,757	14.00%
2019	170,512	(170,512)	-	1,263,052	13.50%
2018	119,208	(119,208)	-	883,022	13.50%
2017	136,815	(136,815)	-	977,250	14.00%
2016	104,757	(104,757)	-	748,264	14.00%
2015	81,218	(81,218)	-	616,222	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.03034398%	\$ 6,534,558	\$ 4,180,714	156.30%	80.02%
2023	0.02891436%	6,427,698	3,765,379	170.71%	78.88%
2022	0.02697106%	3,448,492	3,419,107	100.86%	87.78%
2021	0.02586788%	6,259,107	3,184,136	196.57%	75.48%
2020	0.02133001%	4,717,004	2,589,629	182.15%	77.40%
2019	0.01939965%	4,265,547	2,264,900	188.33%	77.31%
2018	0.01777438%	4,222,342	1,984,593	212.76%	75.30%
2017	0.01660490%	5,558,161	1,749,071	317.78%	66.80%
2016	0.01645669%	4,548,148	1,747,114	260.32%	72.10%
2015	0.01709143%	4,157,227	1,746,269	238.06%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 553,504	\$ (553,504)	\$ -	\$ 3,953,600	14.00%
2023	585,300	(585,300)	-	4,180,714	14.00%
2022	527,153	(527,153)	-	3,765,379	14.00%
2021	478,675	(478,675)	-	3,419,107	14.00%
2020	445,779	(445,779)	-	3,184,136	14.00%
2019	362,548	(362,548)	-	2,589,629	14.00%
2018	317,086	(317,086)	-	2,264,900	14.00%
2017	277,843	(277,843)	-	1,984,593	14.00%
2016	244,870	(244,870)	-	1,749,071	14.00%
2015	244,596	(244,596)	-	1,747,114	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.04677200%	\$ 770,543	\$ 1,994,607	38.63%	30.02%
2023	0.04380290%	614,997	1,683,771	36.52%	30.34%
2022	0.04222450%	799,133	1,604,736	49.80%	24.08%
2021	0.03743060%	813,489	1,232,757	65.99%	18.17%
2020	0.03212380%	807,846	1,263,052	63.96%	15.57%
2019	0.02694580%	747,549	883,022	84.66%	13.57%
2018	0.02659880%	713,842	748,264	95.40%	12.46%
2017	0.02349676%	669,745	748,264	89.51%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 33,464	\$ (33,464)	\$ -	\$ 1,798,264	1.86%
2023	32,963	(32,963)	-	1,994,607	1.65%
2022	27,095	(27,095)	-	1,683,771	1.61%
2021	20,581	(20,581)	-	1,604,736	1.28%
2020	17,137	(17,137)	-	1,232,757	1.39%
2019	26,034	(26,034)	-	1,263,052	2.06%
2018	18,659	(18,659)	-	883,022	2.11%
2017	13,965	(13,965)	-	977,250	1.43%
2016	11,625	(11,625)	-	748,264	1.55%
2015	5,053	(5,053)	-	616,222	0.82%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.03034940%	\$ (590,254)	\$ 4,180,714	14.12%	168.52%
2023	0.02891436%	(748,689)	3,765,379	19.88%	230.73%
2022	0.02697106%	(568,663)	3,419,107	16.63%	174.73%
2021	0.02586788%	(454,628)	3,184,136	14.28%	182.10%
2020	0.02133001%	(353,276)	2,589,629	13.64%	174.74%
2019	0.01939965%	(311,733)	2,264,900	13.76%	176.00%
2018	0.01777438%	693,491	1,749,071	39.65%	47.10%
2017	0.01660490%	888,034	1,749,071	50.77%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 3,953,600	0.00%
2023	-	-	-	4,180,714	0.00%
2022	-	-	-	3,765,379	0.00%
2021	-	-	-	3,419,107	0.00%
2020	-	-	-	3,184,136	0.00%
2019	-	-	-	2,589,629	0.00%
2018	-	-	-	2,264,900	0.00%
2017	-	-	-	1,984,593	0.00%
2016	-	-	-	1,749,071	0.00%
2015	-	-	-	1,747,114	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 904,807
Net adjustment for revenue and other financing sources accruals	(527,091)
Net adjustment for expenditure and other financing uses accruals	632,076
Funds budgeted elsewhere	1,242
Adjustments for encumbrances	<u>261,552</u>
GAAP Basis	<u><u>\$ 1,272,586</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the public school support fund and the unclaimed monies fund.

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

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

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**CONOTTON VALLEY UNION SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

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**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL 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	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
Non-Cash Assistance	10.555	20,766
National School Lunch Program	10.555	134,206
School Breakfast Program	10.553	38,149
COVID -19 National School Lunch Program	10.555	18,779
Total U.S. Department of Agriculture		211,900
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	176,539
Title I Grants to Local Educational Agencies Non-Competitive, Supplemental School Improvement	84.010	7,340
Total Title I Grants to Local Educational Agencies		183,879
Special Education Cluster:		
IDEA Part B	84.027	129,452
Early Childhood Special Education	84.173	6,126
Total Special Education Cluster (IDEA, Part B)		135,578
Improving Teacher Quality -State Grants	84.367	16,012
Total Improving Teach Quality -State Grants		16,012
Title IV-A Student Support and Academic Enrichment	84.424	17,303
Total Title IV-A Student Support and Academic Enrichment		17,303
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	51,643
Total Elementary and Secondary School Emergency Relief (ESSER) Fund		51,643
Rural Education Grant	84.358	53,809
Total Rural Education Grant		53,809
Total U.S Department of Education		458,224
U.S DEPARTMENT OF TREASURY		
Passed Through the Office of Budget and Mangement		
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	98,908
Total Coronavuris State and Local Recovery Funds		98,908
Total U.S Department of Treasury		98,908
Total Expenditures of Federal Awards		769,032

The accompanying notes are an integral part of this schedule.

**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Note 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) Includes the federal award activity of Conotton Valley Union Local School District Under programs of the federal government for the year ended June 30, 2024. The Information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) 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 2. 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 principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. INDIRECT COST RATE

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

Note 4. CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

Note 5. FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

OHIO AUDITOR OF STATE KEITH FABER



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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

Conotton Valley Union Local School District
Carroll County
7205 Cumberland Rd SW
Bowerston, OH 44695

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Conotton Valley Union Local School District, Carroll County, (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 June 25, 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 purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

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 an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings as item List related finding reference numbers, for example 2024-001

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the finding identified in our audit and described in the accompanying schedule of findings and / or corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 25, 2025

OHIO AUDITOR OF STATE KEITH FABER



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

Conotton Valley Union Local School District
Carroll County
7205 Cumberland Rd SW
Bowerston, OH 44695

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conotton Valley Union Local School District's, Carroll County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Conotton Valley Union Local School District's major federal programs for the year ended June 30, 2024. Conotton Valley Union Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Conotton Valley Union Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

June 25, 2025

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**CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT
CARROLL 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)?	Yes
(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)?	Yes
(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):	Nutrition Cluster (AL#10.553 and 10.555) Special Education Cluster (AL#84.027 and 84.173)
(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?	No

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

FINDING NUMBER 2024-001

Ohio Rev. Code 5705.41(B) Expenditures Exceeding Appropriations– Noncompliance and Material Weakness

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code. Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District had the following funds with expenditures in excess of appropriations as of June 30, 2024

- General Fund: \$953,117
- District Managed Student Activity Fund: \$121
- Public School Preschool Fund: \$2,306
- Title I-Disadvantaged Children Fund: \$5,141
- Improving Teacher Quality Fund: \$246
- Miscellaneous Federal Grants Fund: \$2,460

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Education should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Conotton Valley Union Local School District

7205 Cumberland Road SW
Bowerston, Ohio 44695
Phone (740) 269-2000
www.cvul.org

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2024

Finding Number: 2024-001

Planned Corrective Action: Moving forward the district will ensure to comply with budgetary requirements.

Anticipated Completion Date: 06/24/2025

Responsible Contact Person: Denise Ketchum, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



CONOTTON VALLEY UNION LOCAL SCHOOL DISTRICT

CARROLL 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 7/29/2025

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

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