



OHIO AUDITOR OF STATE
KEITH FABER



**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2024**

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ASHTABULA COUNTY
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OHIO AUDITOR OF STATE KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Grand Valley Local School District
Ashtabula County
111 Grand Valley Avenue West
Orwell, Ohio 44076

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 Grand Valley Local School District, Ashtabula County, Ohio (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Local School District, Ashtabula County, Ohio as of June 30, 2024, and the respective changes in financial position thereof and the respective budgetary comparisons for the General, Classroom Facilities Maintenance, and Elementary and Secondary School Emergency Relief funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2025

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Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

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

Financial Highlights

Key Highlights for fiscal year 2024 are as follows:

- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.
- The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment.
- The School District had a decrease of 30 students in enrollment from fiscal year 2023 to fiscal year 2024.

Using this Annual Financial Report (AFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors,

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For the Fiscal Year Ended June 30, 2024
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some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the classroom facilities maintenance and the elementary and secondary school emergency relief special revenue funds and the bond retirement debt service fund.

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

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

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for 2024 compared to 2023:

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Table 1
Net Position
Governmental Activities

	2024	2023	Change
Assets			
Current and Other Assets	\$15,822,295	\$13,589,102	\$2,233,193
Capital Assets	19,107,080	19,478,050	(370,970)
Net OPEB Asset	781,044	1,061,968	(280,924)
<i>Total Assets</i>	<u>35,710,419</u>	<u>34,129,120</u>	<u>1,581,299</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	26,253	78,759	(52,506)
Pension	2,260,351	2,852,077	(591,726)
OPEB	476,653	306,782	169,871
<i>Total Deferred Outflows of Resources</i>	<u>2,763,257</u>	<u>3,237,618</u>	<u>(474,361)</u>
Liabilities			
Current Liabilities	1,697,258	1,675,222	(22,036)
Long-Term Liabilities			
Due within One Year	1,012,077	1,066,592	54,515
Due in More than One Year:			
Net Pension Liability	11,185,955	11,773,519	587,564
Net OPEB Liability	761,601	682,932	(78,669)
Other Amounts Due in More Than One Year	1,656,915	1,877,690	220,775
<i>Total Liabilities</i>	<u>16,313,806</u>	<u>17,075,955</u>	<u>762,149</u>
Deferred Inflows of Resources			
Property Taxes	5,165,740	4,237,962	(927,778)
Pension	1,155,943	1,390,861	234,918
OPEB	1,413,270	1,756,167	342,897
<i>Total Deferred Inflows of Resources</i>	<u>7,734,953</u>	<u>7,384,990</u>	<u>(349,963)</u>
Net Position			
Net Investment in Capital Assets	18,012,870	17,494,119	518,751
Restricted for:			
Capital Projects	689,487	419,320	270,167
Debt Service	872,575	1,443,724	(571,149)
OPEB Plans	781,044	194,352	586,692
Other Purposes	1,659,651	1,972,556	(312,905)
Unrestricted (Deficit)	<u>(7,590,710)</u>	<u>(8,618,278)</u>	<u>1,027,568</u>
<i>Total Net Position</i>	<u><u>\$14,424,917</u></u>	<u><u>\$12,905,793</u></u>	<u><u>\$1,519,124</u></u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by

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State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, 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.

Overall, the position of the School District increased, as evidenced by the increase in net position. This is largely due to an increase equity in pooled cash and cash equivalents as investment earnings/interest increased from the prior year.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position. GASB 100 does not require amounts prior to those presented in the basic financial statements to be updated for a change in accounting principle.

Table 2 shows the changes in net position for fiscal year 2024 compared to 2023.

Table 2
Change in Net Position
Governmental Activities

	2024	2023	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$649,166	\$675,224	(\$26,058)
Operating Grants and Contributions	3,807,353	3,137,080	670,273
Capital Grants	43,027	35,674	7,353
Total Program Revenues	4,499,546	3,847,978	651,568
<i>General Revenues:</i>			
Property Taxes	5,686,447	4,756,204	930,243
Grants and Entitlements not Restricted to Specific Programs	7,067,898	7,138,902	(71,004)
Investment Earnings	419,196	197,323	221,873
Miscellaneous	50,966	75,665	(24,699)
Total General Revenues	13,224,507	12,168,094	1,056,413
Total Revenues	17,724,053	16,016,072	1,707,981
Program Expenses			
<i>Instruction:</i>			
Regular	6,935,361	6,612,428	(322,933)
Special	1,213,345	1,153,971	(59,374)

(continued)

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
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Table 2
Change in Net Position (continued)
Governmental Activities

	2024	2023	Change
Program Expenses			
Instruction:			
Vocational	\$368,498	\$240,218	(\$128,280)
Support Services:			
Pupil	988,665	1,019,232	30,567
Instructional Staff	166,656	157,070	(9,586)
Board of Education	39,746	36,193	(3,553)
Administration	1,706,425	1,533,626	(172,799)
Fiscal	492,791	419,679	(73,112)
Business	9,305	8,824	(481)
Operation and Maintenance of Plant	1,535,510	1,459,220	(76,290)
Pupil Transportation	1,406,645	1,299,967	(106,678)
Central	141,337	136,244	(5,093)
Operation of Non-Instructional Services	1,734	0	(1,734)
Operation of Food Services	624,514	587,821	(36,693)
Extracurricular Activities	528,235	498,323	(29,912)
Interest	46,162	71,800	25,638
Total Program Expenses	16,204,929	15,234,616	(970,313)
Change in Net Position	1,519,124	781,456	(737,668)
Net Position Beginning of Year	12,905,793	12,124,337	781,456
Net Position End of Year	\$14,424,917	\$12,905,793	\$43,788

Governmental Activities

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

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid. Thus School District's dependence upon property taxes is hampered by a lack of revenue growth so it must regularly return to the voters to maintain a constant level of service. Property taxes made up 32.08 percent of revenues for governmental activities for Grand Valley Local School District in fiscal year 2024.

Although the School District relies upon local property taxes to support its operations, a large share of general fund revenue is received from the State of Ohio through the State Foundation Formula. This funding is directly impacted by the enrollment of the School District. Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. With the combination of taxes and

Grand Valley Local School District
Management's Discussion and Analysis
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Unaudited

grants and entitlements funding the significant portion of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations. For fiscal years 2023 and 2024, School District foundation funding received from the state of Ohio was funded using a direct funding model. Under this model, community school, STEM school, scholarship, and open enrollment funding are directly funded by the State of Ohio to the respective educating schools. The decrease in grants and entitlements for fiscal year 2024 is related to a decrease in Medicaid reimbursements from the State of Ohio.

The School District also actively solicits and receives additional grants to help offset operating costs. Operating grants, contributions, and interest program revenues increased in fiscal year 2024 mainly due to increased intergovernmental grant revenues, including various programs initiated under the American Recovery Act in response to the COVID-19 pandemic.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses is the result from increases in pension and OPEB expenses. The pension expense in fiscal year 2023 was (\$977,429) and was \$793,905 in fiscal year 2024. The OPEB expense in fiscal year 2023 was 257,744 and was (\$122,127) in fiscal year 2024.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2024 compared to 2023.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2024		2023	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$6,935,361	\$5,163,779	\$6,612,428	\$5,446,576
Special	1,213,345	560,039	1,153,971	529,181
Vocational	368,498	270,067	240,218	141,991
Support Services:				
Pupil	988,665	817,957	1,019,232	775,991
Instructional Staff	166,656	160,663	157,070	149,917
Board of Education	39,746	39,746	36,193	36,193
Administration	1,706,425	1,499,242	1,533,626	1,533,626
Fiscal	492,791	492,791	419,679	419,679
Business	9,305	9,305	8,824	8,824
Operation and Maintenance of Plant	1,535,510	1,165,654	1,459,220	1,114,863
Pupil Transportation	1,406,645	993,753	1,299,967	822,572
Central	141,337	61,492	136,244	58,593
Operation of Non-Instructional Services	1,734	1,734	0	0
Operation of Food Services	624,514	74,635	587,821	(550)
Extracurricular Activities	528,235	348,364	498,323	277,382
Interest	46,162	46,162	71,800	71,800
Total	<u>\$16,204,929</u>	<u>\$11,705,383</u>	<u>\$15,234,616</u>	<u>\$11,386,638</u>

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in expenditures from the prior fiscal year. The general fund revenues increased from fiscal year 2023 to fiscal year 2024 largely due to an increase in property tax revenues and investment earnings/interest. Investments earnings/interest revenues increased as a result of increased interest rates. In total, the fund balance of the general fund increased. The classroom facilities maintenance fund balance decreased due to expenditures outpacing revenues. The elementary and secondary school emergency relief special revenue fund had a decrease in fund balance primarily due to expenditures outpacing revenues for the year. The bond retirement fund balance decreased due to debt requirements exceeding property tax collections for the year. The School District continues to look for grants to help offset the operating expenditures of the School District and to better provide services to our students.

General Fund Budgeting Highlights

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

During the course of fiscal year 2024, the School District amended its general fund budget several times. For the general fund, the actual revenue was higher than the final budget basis revenue estimates due to an increase in interest due to better than anticipated investment outcomes. The School District's actual expenditures were just over the final budgeted appropriations due to the School District's continuous effort in monitoring expenditures.

The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management. Building principals are given a per pupil allocation for textbook, instructional materials and equipment.

Capital Assets and Debt Administration

Capital Assets

The decrease in capital assets was the result of an additional year of annual depreciation on all capital assets other than land. This decrease was offset by asset additions including a roof replacement and repair, stadium improvements, a new alarm system and stadium sound system. See Note 13 to the Basic Financial Statements for additional capital asset information.

Debt

The School District has bonded debt issued for the construction of the new school facility. The football stadium/track complex was financed via a lease purchase agreement via the OASBO Expanded Asset Pool Financing Program. The School District entered into a lease purchase agreement for stadium improvements that involved construction and installation of a new synthetic turf field at the stadium. The School District also has a lease payable for copiers. The overall debt margin of the School District as of June 30, 2024 was \$26,326,873 with an unvoted debt margin of \$292,521. See Note 14 to the Basic Financial Statements for additional debt information.

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
Unaudited

Challenges and Opportunities

Grand Valley Local School District has continued to maintain the highest standards of service to our students, parents and community. The School District is always presented with challenges and opportunities. The Board of Education and administration closely monitor its revenues and expenditures. Recent national events and their impact on the Grand Valley Local School District and the surrounding area are very much under review and analysis. While the economic recession has had an impact on our industries, three of our local industries, which include Kraftmaid, Kennemetal and Welded Tubes, have remained relatively strong. We are a diversified community with many residents working outside our School District in varying types of employment.

The School District is not without its share of challenges. The need for additional funds for operating is seen as the newest challenge for the School District. With the bulk of funding coming from the State of Ohio and a stagnant State budget, maintaining the delicate balance of increasing costs with unfunded mandates and flat revenues is becoming more challenging. And finally, actions of local and State governments continue to impact the School District. The School District has been relatively flat funded from the State as a result of guarantees that have been built into the new formula with a decrease in the number of students. The School District is unsure of how long those guarantees will remain in the future as student enrollment continues to decline. The coronavirus pandemic has affected the instructional operations with more students enrolled in digital learning. The School District has been able to cover these costs through federal grant dollars.

Grand Valley Local School District has committed itself to financial reporting excellence for many years and to continuous improvement in financial reporting to our community.

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Tahnee Gruskiewicz, Treasurer, Grand Valley Local Schools, 111 Grand Valley Avenue West, Suite A, Orwell, Ohio 44076 or email at tahnee.gruskiewicz@grandvalley.school.

Grand Valley Local School District*Statement of Net Position**June 30, 2024*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,271,385
Accounts Receivable	19,713
Accrued Interest Receivable	2,338
Intergovernmental Receivable	469,603
Prepaid Items	9,278
Inventory Held for Resale	14,353
Materials and Supplies Inventory	190,309
Property Taxes Receivable	5,845,316
Nondepreciable Capital Assets	1,497,183
Depreciable Capital Assets, Net	17,609,897
Net OPEB Asset (See Note 23)	781,044
<i>Total Assets</i>	<u>35,710,419</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	26,253
Pension	2,260,351
OPEB	476,653
<i>Total Deferred Outflows of Resources</i>	<u>2,763,257</u>
Liabilities	
Accounts Payable	50,155
Accrued Wages and Benefits	1,154,496
Intergovernmental Payable	444,865
Accrued Interest Payable	5,348
Vacation Benefits Payable	42,394
Long-Term Liabilities:	
Due Within One Year	1,012,077
Due In More Than One Year:	
Net Pension Liability (See Note 22)	11,185,955
Net OPEB Liability (See Note 23)	761,601
Other Amounts Due in More Than One Year	1,656,915
<i>Total Liabilities</i>	<u>16,313,806</u>
Deferred Inflows of Resources	
Property Taxes	5,165,740
Pension	1,155,943
OPEB	1,413,270
<i>Total Deferred Inflows of Resources</i>	<u>7,734,953</u>
Net Position	
Net Investment in Capital Assets	18,012,870
Restricted for:	
Capital Projects	689,487
Debt Service	872,575
OPEB Plans	781,044
Other Purposes	1,659,651
Unrestricted (Deficit)	<u>(7,590,710)</u>
<i>Total Net Position</i>	<u><u>\$14,424,917</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$6,935,361	\$317,760	\$1,453,822	\$0	(\$5,163,779)
Special	1,213,345	0	653,306	0	(560,039)
Vocational	368,498	0	98,431	0	(270,067)
Support Services:					
Pupil	988,665	0	170,708	0	(817,957)
Instructional Staff	166,656	0	5,993	0	(160,663)
Board of Education	39,746	0	0	0	(39,746)
Administration	1,706,425	0	207,183	0	(1,499,242)
Fiscal	492,791	0	0	0	(492,791)
Business	9,305	0	0	0	(9,305)
Operation and Maintenance of Plant	1,535,510	27,000	339,605	3,251	(1,165,654)
Pupil Transportation	1,406,645	0	373,116	39,776	(993,753)
Central	141,337	0	79,845	0	(61,492)
Operation of Non-Instructional Services	1,734	0	0	0	(1,734)
Operation of Food Services	624,514	149,192	400,687	0	(74,635)
Extracurricular Activities	528,235	155,214	24,657	0	(348,364)
Interest	46,162	0	0	0	(46,162)
Totals	\$16,204,929	\$649,166	\$3,807,353	\$43,027	(11,705,383)
General Revenues					
Property Taxes Levied for:					
General Purposes					5,036,015
Debt Service					233,793
Capital Outlay					353,209
Classroom Facilities Maintenance					63,430
Grants and Entitlements not Restricted					
to Specific Programs					7,067,898
Investment Earnings/Interest					419,196
Miscellaneous					50,966
Total General Revenues					13,224,507
Change in Net Position					1,519,124
Net Position Beginning of Year					12,905,793
Net Position End of Year					\$14,424,917

See accompanying notes to the basic financial statements

Grand Valley Local School District
Balance Sheet
Governmental Funds
June 30, 2024

	General	Classroom Facilities Maintenance	Elementary and Secondary School Emergency Relief	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$5,427,071	\$1,239,685	\$36,435	\$866,154	\$1,702,040	\$9,271,385
Accounts Receivable	15,043	0	0	0	4,670	19,713
Accrued Interest Receivable	2,338	0	0	0	0	2,338
Interfund Receivable	163,529	0	0	0	0	163,529
Intergovernmental Receivable	215,960	0	189,033	0	64,610	469,603
Prepaid Items	9,278	0	0	0	0	9,278
Inventory Held for Resale	0	0	0	0	14,353	14,353
Materials and Supplies Inventory	188,147	0	0	0	2,162	190,309
Property Taxes Receivable	5,365,078	27,734	0	67,627	384,877	5,845,316
<i>Total Assets</i>	<u>\$11,386,444</u>	<u>\$1,267,419</u>	<u>\$225,468</u>	<u>\$933,781</u>	<u>\$2,172,712</u>	<u>\$15,985,824</u>
Liabilities						
Accounts Payable	\$43,192	\$5,429	\$0	\$0	\$1,534	\$50,155
Accrued Wages and Benefits	1,033,870	0	47,641	0	72,985	1,154,496
Interfund Payable	0	0	156,339	0	7,190	163,529
Intergovernmental Payable	400,245	0	21,233	0	23,387	444,865
<i>Total Liabilities</i>	<u>1,477,307</u>	<u>5,429</u>	<u>225,213</u>	<u>0</u>	<u>105,096</u>	<u>1,813,045</u>
Deferred Inflows of Resources						
Property Taxes	4,734,439	20,307	0	55,858	355,136	5,165,740
Unavailable Revenue	373,232	2,235	188,778	5,539	76,822	646,606
<i>Total Deferred Inflows of Resources</i>	<u>5,107,671</u>	<u>22,542</u>	<u>188,778</u>	<u>61,397</u>	<u>431,958</u>	<u>5,812,346</u>
Fund Balances						
Nonspendable	197,425	0	0	0	2,162	199,587
Restricted	0	1,239,448	0	872,384	1,706,065	3,817,897
Committed	5,472	0	0	0	0	5,472
Assigned	320,445	0	0	0	0	320,445
Unassigned (Deficit)	4,278,124	0	(188,523)	0	(72,569)	4,017,032
<i>Total Fund Balances (Deficit)</i>	<u>4,801,466</u>	<u>1,239,448</u>	<u>(188,523)</u>	<u>872,384</u>	<u>1,635,658</u>	<u>8,360,433</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$11,386,444</u>	<u>\$1,267,419</u>	<u>\$225,468</u>	<u>\$933,781</u>	<u>\$2,172,712</u>	<u>\$15,985,824</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024*

Total Governmental Fund Balances	\$8,360,433
<i>Amounts reported for governmental activities in 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.	19,107,080
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds:	
Delinquent Property Taxes	209,114
Intergovernmental	<u>437,492</u>
Total	646,606
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(5,348)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(42,394)
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.	26,253
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(910,143)
Financed Purchase	(750,000)
Lease Payable	(60,995)
Asset Retirement Obligation	(25,000)
Compensated Absences	<u>(922,854)</u>
Total	(2,668,992)
The net pension/OPEB asset/liability is not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	781,044
Deferred Outflows - Pension	2,260,351
Deferred Outflows - OPEB	476,653
Net Pension Liability	(11,185,955)
Net OPEB Liability	(761,601)
Deferred Inflows - Pension	(1,155,943)
Deferred Inflows - OPEB	<u>(1,413,270)</u>
Total	<u>(10,998,721)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$14,424,917</u></u>

See accompanying notes to the basic financial statements

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

	General	Classroom Facilities Maintenance	Elementary and Secondary School Emergency Relief	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	\$5,009,839	\$63,674	\$0	\$246,468	\$352,213	\$5,672,194
Intergovernmental	7,565,328	21,016	1,907,865	100,236	983,642	10,578,087
Investment Earnings/Interest	410,386	0	0	0	8,810	419,196
Tuition and Fees	276,690	0	0	0	0	276,690
Extracurricular Activities	39,949	0	0	0	115,265	155,214
Charges for Services	0	0	0	0	149,192	149,192
Rentals	27,000	0	0	0	0	27,000
Contributions and Donations	22,137	0	0	0	8,619	30,756
Miscellaneous	30,661	400	0	0	8,770	39,831
<i>Total Revenues</i>	<u>13,381,990</u>	<u>85,090</u>	<u>1,907,865</u>	<u>346,704</u>	<u>1,626,511</u>	<u>17,348,160</u>
Expenditures						
Current:						
Instruction:						
Regular	4,937,699	0	839,193	0	247,720	6,024,612
Special	1,019,250	0	0	0	207,553	1,226,803
Vocational	366,801	0	0	0	0	366,801
Support Services:						
Pupil	637,826	0	123,197	0	237,479	998,502
Instructional Staff	157,765	0	0	0	5,993	163,758
Board of Education	39,746	0	0	0	0	39,746
Administration	1,526,653	0	162,717	3,250	0	1,692,620
Fiscal	504,330	1,309	0	5,886	7,439	518,964
Business	9,305	0	0	0	0	9,305
Operation and Maintenance of Plant	1,421,283	102,909	230,440	0	52,447	1,807,079
Pupil Transportation	1,031,137	0	228,402	0	13,747	1,273,286
Central	74,799	0	62,708	0	0	137,507
Operation of Food Services	32	0	0	0	626,177	626,209
Extracurricular Activities	309,198	0	0	0	160,424	469,622
Capital Outlay	0	0	449,731	0	299,459	749,190
Debt Service:						
Principal Retirement	237,260	0	0	855,000	0	1,092,260
Interest	4,456	0	0	40,105	8,445	53,006
<i>Total Expenditures</i>	<u>12,277,540</u>	<u>104,218</u>	<u>2,096,388</u>	<u>904,241</u>	<u>1,866,883</u>	<u>17,249,270</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,104,450</u>	<u>(19,128)</u>	<u>(188,523)</u>	<u>(557,537)</u>	<u>(240,372)</u>	<u>98,890</u>
Other Financing Sources (Uses)						
Inception of Lease	60,995	0	0	0	0	60,995
Financed Purchase Issued	0	0	0	0	750,000	750,000
Transfers In	0	0	0	0	50,810	50,810
Transfers Out	(39,782)	0	0	0	(11,028)	(50,810)
<i>Total Other Financing Sources (Uses)</i>	<u>21,213</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>789,782</u>	<u>810,995</u>
<i>Net Change in Fund Balances</i>	<u>1,125,663</u>	<u>(19,128)</u>	<u>(188,523)</u>	<u>(557,537)</u>	<u>549,410</u>	<u>909,885</u>
<i>Fund Balances Beginning of Year</i>	<u>3,675,803</u>	<u>1,258,576</u>	<u>0</u>	<u>1,429,921</u>	<u>1,086,248</u>	<u>7,450,548</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$4,801,466</u>	<u>\$1,239,448</u>	<u>(\$188,523)</u>	<u>\$872,384</u>	<u>\$1,635,658</u>	<u>\$8,360,433</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds		\$909,885
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	981,472	
Current Year Depreciation	<u>(1,352,442)</u>	
Total		(370,970)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	14,253	
Intergovernmental	309,435	
Tuition and Fees	41,070	
Miscellaneous	<u>11,135</u>	
Total		375,893
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.		
Inception of Lease	(60,995)	
Finance Purchase Issued	<u>(750,000)</u>	
Total		(810,995)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
General Obligation Bonds	855,000	
Financed Purchase	219,000	
Lease Payable	<u>18,260</u>	
Total		1,092,260
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds:		
Accrued Interest on Bonds	(937)	
Bond Accretion	(52,506)	
Amortization of Premium on Bonds	<u>60,287</u>	
Total		6,844
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated Absences	(66,262)	
Vacation Benefits Payable	<u>(1,462)</u>	
Total		(67,724)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,024,661	
OPEB	<u>31,048</u>	
Total		1,055,709
Except for amounts reported as deferred inflows/outflows, changes in the net pension and OPEB asset/liability are reported as pension expense in the statement of activities:		
Pension	(793,905)	
OPEB	<u>122,127</u>	
Total		<u>(671,778)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$1,519,124</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	\$4,909,157	\$4,909,157	\$4,909,157	\$0
Intergovernmental	6,805,259	7,650,886	7,650,886	0
Interest	308,323	294,449	330,304	35,855
Tuition and Fees	258,277	276,690	276,690	0
Extracurricular Activities	21,189	22,700	22,700	0
Rentals	25,203	27,000	27,000	0
Miscellaneous	13,014	21,322	21,322	0
<i>Total Revenues</i>	<u>12,340,422</u>	<u>13,202,204</u>	<u>13,238,059</u>	<u>35,855</u>
Expenditures				
Current:				
Instruction:				
Regular	5,117,874	4,789,478	4,789,476	2
Special	1,085,279	1,015,613	1,015,613	0
Vocational	363,382	340,056	340,056	0
Support Services:				
Pupil	669,785	626,790	626,790	0
Instructional Staff	165,337	156,656	156,558	98
Board of Education	42,098	39,396	39,396	0
Administration	1,606,507	1,506,222	1,507,033	(811)
Fiscal	532,288	498,262	498,262	0
Business	30,227	29,237	29,237	0
Operation and Maintenance of Plant	1,489,769	1,494,012	1,494,012	0
Pupil Transportation	1,094,244	1,028,644	1,028,645	(1)
Central	78,362	73,332	73,332	0
Extracurricular Activities	295,253	276,300	276,300	0
Debt Service:				
Principal Retirement	219,000	219,000	219,000	0
Interest	3,791	3,791	3,791	0
<i>Total Expenditures</i>	<u>12,793,196</u>	<u>12,096,789</u>	<u>12,097,501</u>	<u>(712)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(452,774)</u>	<u>1,105,415</u>	<u>1,140,558</u>	<u>35,143</u>
Other Financing Sources (Uses)				
Advances In	0	417,950	417,950	0
Advances Out	(163,529)	(163,529)	(163,529)	0
Transfers Out	(39,782)	(39,782)	(39,782)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(203,311)</u>	<u>214,639</u>	<u>214,639</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(656,085)</u>	<u>1,320,054</u>	<u>1,355,197</u>	<u>35,143</u>
<i>Fund Balance Beginning of Year</i>	<u>3,514,946</u>	<u>3,514,946</u>	<u>3,514,946</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>297,337</u>	<u>297,337</u>	<u>297,337</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$3,156,198</u></u>	<u><u>\$5,132,337</u></u>	<u><u>\$5,167,480</u></u>	<u><u>\$35,143</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$63,814	\$63,814	\$63,814	\$0
Intergovernmental	16,234	21,016	21,016	0
Miscellaneous	0	400	400	0
<i>Total Revenues</i>	<u>80,048</u>	<u>85,230</u>	<u>85,230</u>	<u>0</u>
Expenditures				
Current:				
Support Services:				
Fiscal	1,309	1,309	1,309	0
Operation and Maintenance of Plant	210,691	115,466	115,466	0
<i>Total Expenditures</i>	<u>212,000</u>	<u>116,775</u>	<u>116,775</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(131,952)	(31,545)	(31,545)	0
<i>Fund Balance Beginning of Year</i>	1,242,217	1,242,217	1,242,217	0
Prior Year Encumbrances Appropriated	<u>28,538</u>	<u>28,538</u>	<u>28,538</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,138,803</u>	<u>\$1,239,210</u>	<u>\$1,239,210</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2024

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Intergovernmental	<u>\$1,813,360</u>	<u>\$2,012,854</u>	<u>\$2,012,854</u>	<u>\$0</u>
Expenditures				
Current:				
Instruction:				
Regular	885,879	864,004	864,004	0
Support Services:				
Pupil	128,855	123,197	123,197	0
Administration	167,980	160,604	160,604	0
Operation and Maintenance of Plant	283,437	287,583	287,583	0
Pupil Transportation	242,161	234,342	234,342	0
Central	65,588	62,708	62,708	0
Capital Outlay	<u>470,386</u>	<u>449,731</u>	<u>449,731</u>	<u>0</u>
<i>Total Expenditures</i>	<u>2,244,286</u>	<u>2,182,169</u>	<u>2,182,169</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(430,926)</u>	<u>(169,315)</u>	<u>(169,315)</u>	<u>0</u>
Other Financing Sources (Uses)				
Advances In	0	156,339	156,339	0
Advances Out	<u>0</u>	<u>(417,950)</u>	<u>(417,950)</u>	<u>0</u>
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(261,611)</u>	<u>(261,611)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(430,926)	(430,926)	(430,926)	0
<i>Fund Balance Beginning of Year</i>	1,796	1,796	1,796	0
Prior Year Encumbrances Appropriated	<u>429,130</u>	<u>429,130</u>	<u>429,130</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District

Statement of Fiduciary Net Position

Custodial Funds

June 30, 2024

Assets

Property Taxes Receivable	\$334,042
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Liabilities

Intergovernmental Payable	<u>334,042</u>
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Net Position

Restricted for Individuals, Organizations or Other Governments	<u><u>\$0</u></u>
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See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2024

Additions	
Property Taxes	\$338,833
Intergovernmental	38,556
Extracurricular Activities	<u>9,995</u>
<i>Total Additions</i>	<u>387,384</u>
Deductions	
Distributions to Other Governments	377,389
Distributions to Ohio High School Athletic Association	<u>9,995</u>
<i>Total Deductions</i>	<u>387,384</u>
<i>Change in Fiduciary Net Position</i>	0
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally elected five member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 48 classified employees and 75 certified employees who provide services to 864 students and other community members.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations, one insurance purchasing pool, two risk sharing pools and one related organization. These organizations are the Northeast Ohio Management Information Network, Ashtabula County Technical and Career Center, Ohio Association of School Business Officials Workers' Compensation Group Rating Program, Ashtabula County Schools Council of Governments, Schools of Ohio Risk Sharing Authority and the Orwell Library Association dba Grand Valley Public Library. These organizations are presented in Notes 17, 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Grand Valley Local School District

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Classroom Facilities Maintenance Fund The classroom facilities maintenance fund accounts for and reports property taxes restricted for the maintenance of facilities.

Elementary and Secondary School Emergency Relief Special Revenue Fund The elementary and secondary school emergency relief (ESSER) special revenue fund accounts for and reports restricted federal grant monies received in response for covid relief. In the prior year, this fund was a nonmajor fund; the fund had a beginning fund balance of zero, therefore, there is no change to be disclosed or displayed in the financial statements.

Grand Valley Local School District

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

Bond Retirement Fund The bond retirement fund accounts for and reports property tax revenues restricted for payment of principal and interest and fiscal charges on general obligation debt.

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

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. The School District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for property taxes collected for the benefit of and distributed to the Grand Valley Public Library and for monies received for athletic tournaments held on behalf of to the Ohio High School Athletic Association. The liabilities represent amounts where no further action is needed to release the assets to the library.

Measurement Focus

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

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

Like the government-wide statements, fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from the custodial fund.

Basis of Accounting

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (See Note 9). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for the deferred charges on refundings, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 22 and 23.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 22 and 23).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement

Grand Valley Local School District

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

as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as inventory held for resale.

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

Cash and Cash Equivalents

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

During fiscal year 2024, investments were limited to federal home loan bank bonds, United States Treasury notes, nonnegotiable certificates of deposit and STAR Ohio.

Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices, with the exception of the nonnegotiable certificates of deposit, which are reported at cost.

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during fiscal year 2024 amounted to \$410,386 which includes \$165,007 assigned from other School District funds.

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

Inventory

Materials and supplies inventory is reported at cost, while inventory held for resale is presented at the lower of cost or market value, and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items using the consumption method. A current asset for the period amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Grand Valley Local School District

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

Capital Assets

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

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

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

<u>Description</u>	<u>Estimated Lives</u>
<i>Tangible Assets</i>	
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-20 years
Vehicles	8 years
Textbooks	6 years
<i>Intangible Assets</i>	
Intangible Right to Use - Equipment	5 years

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Leases Payable

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

Accrued Liabilities and Long-term Obligations

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

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Charge on Refunding

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

Bond Premiums

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Interfund Activity

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

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

Interfund Balances

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represent the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for food service, scholarships and extracurricular activities.

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

Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit

Grand Valley Local School District

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

those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The School District Board of Education assigned fund balance for classroom support services and to cover a gap between revenues and appropriations in fiscal year 2025's appropriated budget.

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

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

Estimates

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

Budgetary Data

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

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

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Change in Accounting Principles and Change within the Financial Reporting Entity

Change in Accounting Principles

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather reclassified the amounts presented as net position restricted for OPEB plans and unrestricted net position.

Changes within the Financial Reporting Entity

For fiscal year 2024, the elementary and secondary school emergency relief special revenue fund presentation was adjusted from nonmajor to major due to meeting quantitative threshold for a major fund. The elementary and secondary school emergency relief special revenue fund had a beginning fund balance of zero, therefore, there is no change to be disclosed or displayed in the financial statements.

Note 4 - Accountability

The elementary and secondary school emergency relief, title I, title II-A and drug free schools special revenue funds had deficit fund balances in the amount of \$188,523, \$55,415, \$10,978 and \$6,176, respectively, at June 30, 2024. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Grand Valley Local School District

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

Note 5 - Fund Balances

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

Fund Balances	General	Classroom Facilities Maintenance	Elementary and Secondary School Emergency Relief	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>						
Prepays	\$9,278	\$0	\$0	\$0	\$0	\$9,278
Inventory	188,147	0	0	0	2,162	190,309
<i>Total Nonspendable</i>	197,425	0	0	0	2,162	199,587
<i>Restricted for</i>						
Food Service Operations	0	0	0	0	138,585	138,585
Scholarship Awards	0	0	0	0	107,026	107,026
Classroom Maintenance	0	1,239,448	0	0	0	1,239,448
Athletics and Music	0	0	0	0	126,797	126,797
Support Services	0	0	0	0	22,244	22,244
Debt Service Payments	0	0	0	872,384	0	872,384
Capital Improvements	0	0	0	0	1,311,413	1,311,413
<i>Total Restricted</i>	0	1,239,448	0	872,384	1,706,065	3,817,897
<i>Committed to</i>						
Consulting fees	5,472	0	0	0	0	5,472
<i>Assigned to</i>						
Classroom support services	145,603	0	0	0	0	145,603
Purchases on Order - Support Services	66,546	0		0	0	66,546
Fiscal Year 2025 Appropriations	108,296	0	0	0	0	108,296
<i>Total Assigned</i>	320,445	0	0	0	0	320,445
<i>Unassigned (Deficit)</i>	4,278,124	0	(188,523)	0	(72,569)	4,017,032
<i>Total Fund Balances (Deficit)</i>	\$4,801,466	\$1,239,448	(\$188,523)	\$872,384	\$1,635,658	\$8,360,433

Note 6 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general and major special revenue funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments reported at cost (budget) rather than at fair value (GAAP).

Grand Valley Local School District

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

3. Budgetary revenues and expenditures of the public school support fund are classified to general fund for GAAP Reporting.
4. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
6. Advances-In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balance		
	General	Classroom Facilities Maintenance	Elementary and Secondary School Emergency Relief
GAAP Basis	\$1,125,663	(\$19,128)	(\$188,523)
Net Adjustment for Revenue Accruals	(113,387)	140	104,989
Advances In	417,950	0	156,339
Beginning Fair Value Adjustment for Investments	(80,100)	0	0
Ending Fair Value Adjustment for Investments	(2,754)	0	0
Perspective Differences:			
Public School Support	52,235	0	0
Net Adjustment for Expenditure Accruals	230,353	(12,082)	(49,346)
Advances Out	(163,529)	0	(417,950)
Encumbrances	(111,234)	(475)	(36,435)
Budget Basis	\$1,355,197	(\$31,545)	(\$430,926)

Note 7 - Deposits and Investments

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

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

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

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

Grand Valley Local School District

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$51,592 of the School District's bank balance of \$1,591,755 was uninsured and uncollateralized. One of the School District's financial institutions participated in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent, resulting in the uninsured and uncollateralized balance.

Grand Valley Local School District

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

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

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as a security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2024, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Bonds	\$729,818	Less than two years	AA+	16.70 %
United States Treasury Notes	<u>1,575,887</u>	Less than five years	N/A	20.14
Total Fair Value - Level Two Inputs	2,305,705			
Net Asset Value Per Share:				
STAR Ohio	<u>5,513,454</u>	Average 46.5 Days	AAAm	N/A
<i>Totals</i>	<u><u>\$7,819,159</u></u>			

The School 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. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. The School District's investments, except STAR Ohio, measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk. The School District has no investment policy that addresses the interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk. The School District does not have an investment policy that addresses credit risk beyond the requirements in State statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization.

Concentration of Credit Risk. This type of risk is defined by the Governmental Accounting Standards Board as having investments of five percent or more in the securities of a single issuer. The School District's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 8 - Receivables

Receivables at June 30, 2024 consisted of taxes, accounts (rent and student fees), tuition and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Elementary and Secondary School Emergency Relief	\$188,778
Medicaid Reimbursement	143,222
School Foundation	54,714
Title I Grant	47,364
School Employees Retirement System	20,134
Title II-A Grant	9,215
Title IV-A Grant	<u>6,176</u>
Total	<u><u>\$469,603</u></u>

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 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 tangible 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.

The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion

Grand Valley Local School District

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

of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2024, was \$442,946 in the general fund, \$6,230 in the bond retirement debt service fund, \$5,192 in the classroom facilities maintenance special revenue fund and \$16,094 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2023, was \$342,264 in the general fund, \$39,286 in the bond retirement debt service fund, \$5,332 in the classroom facilities maintenance special revenue fund and \$27,199 in the permanent improvement capital projects fund.

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

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

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$206,463,030	95.51 %	\$282,612,910	96.61 %
Public Utility Personal	9,700,470	4.49	9,907,900	3.39
Total	<u>\$216,163,500</u>	<u>100.00 %</u>	<u>\$292,520,810</u>	<u>100.00 %</u>
Full Tax Rate per \$1,000 of assessed valuation	\$45.01		\$43.31	

During fiscal year 2024, the tax rate decreased due to an increase in property tax values in the School District. The increase in property tax values caused the bond retirement rate to decrease so that the levy would meet its collection amount.

Tax Abatements

The School District property taxes were reduced by \$24,264 under various community reinvestment area agreements entered into by the Village of Orwell.

Note 10 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Employees are able to roll over up to fifteen days of vacation from year to year without penalty. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 425 days for certified employees and 325 days for classified employees. Maximum sick leave accumulation for individuals on administrative contracts varies depending on the number of days in the administrator's work year. For all employees, retirement severance is paid to each employee retiring from the School District at a per diem rate of the annual salary at the time of retirement. Any certified employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of sick leave credited to that employee, up to 85 days. The maximum

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

attainable is 100 days. Any classified employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of sick leave credited to that employee, up to 75 days. The maximum attainable is 90 days.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to permanent employees through Minnesota Mutual in the amount of \$25,000 for certified and classified employees. An additional \$150,000 is provided to the treasurer and \$200,000 superintendent.

Health Insurance Benefits

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

Note 11 - Interfund Transfers and Balances

Interfund Transfers

The general fund transferred \$39,782 to the athletics special revenue fund to help provide funding for fiscal year 2024. The scholarship special revenue fund transferred \$11,028 to the student activities special revenue fund to build benches to be placed on the school grounds.

Interfund Balances

The general fund advances of \$156,339 and \$7,190 to the elementary and secondary school emergency relief special revenue fund and other governmental funds, respectively, was made to cover grant monies not received by fiscal year end. The balances are anticipated to be repaid in one year.

Note 12 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

Litigation

The School District is party to various legal proceedings. Legal Counsel believes financial exposure is limited and would not have a significant effect on the financial statements.

Grand Valley Local School District

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

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 have been finalized.

Note 13 – Capital Assets

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

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
<i>Nondepreciable Capital Assets</i>				
Land	\$898,127	\$0	\$0	\$898,127
Construction in Progress	0	599,056	0	599,056
<i>Total Nondepreciable Capital Assets</i>	898,127	599,056	0	1,497,183
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	3,868,715	27,799	0	3,896,514
Buildings and Improvements	37,141,450	153,179	0	37,294,629
Furniture and Fixtures	1,078,520	140,443	0	1,218,963
Vehicles	1,529,459	0	0	1,529,459
Textbooks	698,066	0	0	698,066
<i>Total Tangible Assets</i>	44,316,210	321,421	0	44,637,631
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	80,291	60,995	0	141,286
<i>Total Depreciable Capital Assets</i>	\$44,396,501	\$382,416	\$0	\$44,778,917

continued

Grand Valley Local School District

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

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024
Less: Accumulated Depreciation/Amortization				
Depreciation				
Land Improvements	(\$3,035,606)	(\$161,641)	\$0	(\$3,197,247)
Buildings and Improvements	(20,510,412)	(957,041)	0	(21,467,453)
Furniture and Fixtures	(750,916)	(50,968)	0	(801,884)
Vehicles	(822,886)	(134,298)	0	(957,184)
Textbooks	(632,525)	(32,436)	0	(664,961)
Total Depreciation	(25,752,345)	(1,336,384)	0	(27,088,729)
Amortization				
Intangible Right to Use				
Lease Assets				
Intangible Right to Use - Equipment	(64,233)	(16,058)	0	(80,291)
Total Accumulated Depreciation/Amortization	(25,816,578)	(1,352,442) *	0	(27,169,020)
Depreciable Capital Assets, Net	18,579,923	(970,026)	0	17,609,897
Governmental Activities				
Capital Assets, Net	\$19,478,050	(\$370,970)	\$0	\$19,107,080

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

	Depreciation	Amortization	Total
Instruction:			
Regular	\$1,095,668	\$16,058	\$1,111,726
Support Services:			
Instructional Staff	2,743	0	2,743
Administration	8,897	0	8,897
Operation and Maintenance of Plant	19,104	0	19,104
Pupil Transportation	144,328	0	144,328
Operation of Food Services	1,702	0	1,702
Extracurricular Activities	63,942	0	63,942
Total Depreciation/Amortization Expense	\$1,336,384	\$16,058	\$1,352,442

Note 14 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2012 Classroom Refunding Bonds:			
Serial Bonds	1.00% to 3.10%	\$8,160,000	2012 to 2025
Financed Purchase - Football Field	5%	1,526,000	2006 to 2026
Financed Purchase - Stadium Improvement	4.92%	\$750,000	2024 to 2033
Leases Payable - 2019 Equipment	6.66%	80,291	2019 to 2024
Leases Payable - 2024 Equipment	8.47%	60,995	2024 to 2029

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Changes in long-term obligations of the School District during fiscal year 2024 were as follows:

	Principal Outstanding 6/30/23	Additions	Deductions	Principal Outstanding 6/30/24	Amounts Due in One Year
General Obligation Bonds					
2012 Classroom Refunding Bonds					
Serial Bonds	\$1,735,000	\$0	\$855,000	\$880,000	\$880,000
Premium	90,430	0	60,287	30,143	0
<i>Total General Obligation Bonds</i>	<u>1,825,430</u>	<u>0</u>	<u>915,287</u>	<u>910,143</u>	<u>880,000</u>
Financed Purchase from Direct Borrowing					
Football Field	219,000	0	219,000	0	0
Stadium Improvements	0	750,000	0	750,000	73,246
<i>Total Financed Purchase from Direct Borrowing</i>	<u>219,000</u>	<u>750,000</u>	<u>219,000</u>	<u>750,000</u>	<u>73,246</u>
Other Long-Term Obligations					
Net Pension Liability					
SERS	2,656,240	0	118,581	2,537,659	0
STRS	9,117,279	0	468,983	8,648,296	0
<i>Total Net Pension Liability</i>	<u>11,773,519</u>	<u>0</u>	<u>587,564</u>	<u>11,185,955</u>	<u>0</u>
Net OPEB Liability					
SERS	682,932	78,669	0	761,601	0
Leases Payable	18,260	60,995	18,260	60,995	10,232
Compensated Absences	856,592	152,594	86,332	922,854	48,599
Asset Retirement Obligation	25,000	0	0	25,000	0
<i>Total Other Long-Term Obligations</i>	<u>13,356,303</u>	<u>292,258</u>	<u>692,156</u>	<u>12,956,405</u>	<u>58,831</u>
<i>Total Governmental Activities</i>					
Long-Term Liabilities	<u>\$15,400,733</u>	<u>\$1,042,258</u>	<u>\$1,826,443</u>	<u>\$14,616,548</u>	<u>\$1,012,077</u>

The leases payable and financed purchase are paid from the general fund and the permanent improvement capital projects fund. Compensated absences will be paid from the general fund and the title I and the food service special revenue funds. The asset retirement obligation will be paid from the general fund. There is no repayment schedule for the net pension and OPEB liabilities. However, employer pension contributions are made from the general fund and the title I and food service special revenue funds. For additional information related to the net pension/OPEB liabilities see Notes 22 and 23.

On October 4, 2011, the School District issued \$8,689,988 in general obligation refunding bonds which included serial and capital appreciation (deep discount) bonds in the amount of \$8,160,000 and \$529,988, respectively. The capital appreciation bonds have been fully repaid. The general obligation refunding bonds were issued for the purpose of refunding a portion of the 2002 classroom improvement bonds to take advantage of lower interest rates. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2024, none of the defeased bonds are still outstanding. The bonds were issued for a fourteen year period with a final maturity at December 1, 2024. The bonds will be retired from the debt service fund.

On August 18, 2005, the School District entered into a \$1,526,000 base lease and lease-purchase agreement with Columbus Regional Airport Authority for a new football stadium. The initial term of the lease expires on June 30, 2006, with the right to renew for successive one-year terms (with a final partial-year term through

Grand Valley Local School District

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

July 1, 2025. The lease payments will be paid from property taxes received in the permanent improvement capital projects fund. The lease proceeds issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The lease proceeds have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Columbus Regional Airport Authority, and then subleased back to the School District. The lease proceeds were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for twenty successive one-year terms through fiscal year 2025 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 5 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The School District paid the remaining balance of the lease purchase agreement in fiscal year 2024.

On April 30, 2024, the School District entered into a \$750,000 ground lease agreement and lease-purchase agreement with Huntington National Bank for stadium improvements. The initial term of the lease expires June 30, 2024, with the right to renew for successive one-year terms (with a final partial-year term through December 1, 2033). The lease payments will be paid from property taxes received in the permanent improvement capital projects fund. The lease proceeds issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The lease proceeds have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Huntington National Bank, and then subleased back to the School District. The lease proceeds were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for ten successive one-year terms through fiscal year 2034 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.92 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. As of June 30, 2024, \$600,674 of the lease purchase proceeds were unspent.

The overall debt margin of the School District as of June 30, 2024 was \$26,326,873 with an unvoted debt margin of \$292,521. The remaining principal and interest of \$880,000 and \$13,640, respectively, are due in fiscal year 2025 to retire the general obligation bonds. Principal and interest requirements to retire the financed purchase outstanding at June 30, 2024 are as follows:

Year	Principal	Interest
2025	\$73,246	\$35,098
2026	61,577	31,781
2027	64,607	28,677
2028	67,786	25,421
2029	71,121	22,004
2030 - 2034	411,663	52,577
	<u>\$750,000</u>	<u>\$195,558</u>

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining lease period is as follows:

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Year	Principal	Interest
2025	\$10,232	\$4,773
2026	11,133	3,872
2027	12,112	2,892
2028	13,179	1,826
2029	14,339	666
	<u>\$60,995</u>	<u>\$14,029</u>

Note 15 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Note 16 - Risk Management

Property and Liability

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

Type of Coverage	Coverage Amount
Property - Building and Business Personal	\$76,120,698
Equipment Breakdown	76,120,698
Crime Coverage per occurrence	1,000,000
Unintentional Errors and Omissions	5,000,000
Utility Service Direct Damage	500,000
Valuable Papers	1,000,000
General Liability:	
Bodily Injury and Property Damage	15,000,000
Personal Injury	15,000,000
Products/Completed Operations	15,000,000
Automobile Bodily Injury	15,000,000

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

Employee Medical Benefits

The School District participates in the Ashtabula County Schools Council of Governments, a shared risk pool (Note 18) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. Certified employees per negotiated agreement are required to pay \$230.50 per month for family coverage and \$112.10 per month for single coverage. Classified employees per negotiated agreement are required to pay \$230.50 per month for family coverage and \$112.10 per month for single coverage.

Grand Valley Local School District

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

Workers' Compensation

For fiscal year 2024, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control and actuarial services to the GRP.

Note 17 - Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. The School District paid \$43,565 to NEOMIN during fiscal year 2024.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members, three superintendents from Ashtabula County School Districts, three superintendents from Trumbull County School Districts, and a treasurer from each county. The School District was represented on the Governing Board by the Superintendent during fiscal year 2024. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. The Board exercises total control over the operations including budgeting, appropriating, contracting and designating management. A complete set of separate financial statements may be obtained from the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Ashtabula County Technical and Career Center The Ashtabula County Technical and Career Center (the Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of representatives from some of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not contribute to the Career Center for fiscal year 2024. Financial information can be obtained from Lindsey Elly, Treasurer at Ashtabula County Technical and Career Center, 1565 State Route 167, Jefferson, Ohio 44047.

Note 18 – Public Entity Risk Pools

Insurance Purchasing Pool

The School District participates in a group rating program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool. The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Grand Valley Local School District

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

Risk Sharing Pools

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

The School District also participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 130 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Note 19 – Related Organization

The Orwell Library Association dba Grand Valley Public Library The Grand Valley Public Library (the Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a seven member Board of Trustees appointed by each other. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Grand Valley Public Library, Jeanette Gage, Fiscal Officer, at 1 North School Street, Orwell, Ohio 44076.

Note 20 - Set Asides

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

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	Capital Improvements
Set-aside balance June 30, 2023	\$0
Current year set-aside requirement	188,894
Current year offsets	(490,934)
Qualifying disbursements	(123,299)
Totals	(\$425,339)
Set-aside balance carried forward to future fiscal years	\$0
Set-aside balance June 30, 2024	\$0

The School District had current year offsets and qualifying disbursements during the fiscal year that reduced the capital improvements set-aside below zero. The negative balance is therefore not presented as being carried forward to future fiscal years.

Note 21 – Encumbrances

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

General	\$111,234
Classroom Facilities Maintenance	475
Elementary and Secondary School Emergency Relief	36,435
Other Governmental Funds	593,811
Totals	\$741,955

Note 22 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

Grand Valley Local School District

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 23 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

Grand Valley Local School District

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$255,103 for fiscal year 2024. Of this amount \$8,848 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. 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 34 years of service credit at any age.

Grand Valley Local School District

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$769,558 for fiscal year 2024. Of this amount \$106,217 is reported as an intergovernmental payable.

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

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

Grand Valley Local School District

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04592620%	0.04015937%	
Prior Measurement Date	0.04910980%	0.04101317%	
Change in Proportionate Share	<u>-0.00318360%</u>	<u>-0.00085380%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,537,659	\$8,648,296	\$11,185,955
Pension Expense	\$257,130	\$536,775	\$793,905

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$109,074	\$315,298	\$424,372
Changes of assumptions	17,976	712,234	730,210
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	14,828	66,280	81,108
School District contributions subsequent to the measurement date	<u>255,103</u>	<u>769,558</u>	<u>1,024,661</u>
Total Deferred Outflows of Resources	<u>\$396,981</u>	<u>\$1,863,370</u>	<u>\$2,260,351</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$19,190	\$19,190
Changes of assumptions	0	536,107	536,107
Net difference between projected and actual earnings on pension plan investments	35,669	25,919	61,588
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>124,193</u>	<u>414,865</u>	<u>539,058</u>
Total Deferred Inflows of Resources	<u>\$159,862</u>	<u>\$996,081</u>	<u>\$1,155,943</u>

\$1,024,661 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$10,994)	(\$232,572)	(\$243,566)
2026	(141,280)	(397,804)	(539,084)
2027	132,400	816,750	949,150
2028	<u>1,890</u>	<u>(88,643)</u>	<u>(86,753)</u>
Total	<u>(\$17,984)</u>	<u>\$97,731</u>	<u>\$79,747</u>

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions – SERS

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

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

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

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

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. The most recent experience study was completed for the five-year period ended June 30, 2020.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Grand Valley Local School District

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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 total pension liability for 2023 was calculated using the discount rate of 7.00 percent. 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 for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$3,745,455	\$2,537,659	\$1,520,321

Actuarial Assumptions -- STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020.

Grand Valley Local School District

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

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

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 Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00%	

* Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$13,299,164	\$8,648,296	\$4,714,933

Note 23 – Defined Benefit OPEB Plans

See note 22 for a description of the net OPEB liability (asset)

School Employees Retirement System (SERS)

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

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater

Grand Valley Local School District

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

than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$31,048.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$31,048 for fiscal year 2024. Of this amount \$31,048 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.04622930%	0.04015937%	
Prior Measurement Date	0.04864160%	0.04101317%	
Change in Proportionate Share	-0.00241230%	-0.00085380%	
Proportionate Share of the:			
Net OPEB Liability	\$761,601	\$0	\$761,601
Net OPEB (Asset)	\$0	(\$781,044)	(\$781,044)
OPEB Expense	(\$69,190)	(\$52,937)	(\$122,127)

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

Grand Valley Local School District

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$1,586	\$1,217	\$2,803
Changes of assumptions	257,520	115,060	372,580
Net difference between projected and actual earnings on OPEB plan investments	5,902	1,394	7,296
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	58,763	4,163	62,926
School District contributions subsequent to the measurement date	31,048	0	31,048
Total Deferred Outflows of Resources	<u>\$354,819</u>	<u>\$121,834</u>	<u>\$476,653</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$392,787	\$119,128	\$511,915
Changes of assumptions	216,303	515,322	731,625
Changes in Proportionate Share and differences between expected and and proportionate share of contributions	148,591	21,139	169,730
Total Deferred Inflows of Resources	<u>\$757,681</u>	<u>\$655,589</u>	<u>\$1,413,270</u>

\$31,048 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$128,426)	(\$247,266)	(\$375,692)
2026	(109,309)	(105,847)	(215,156)
2027	(65,448)	(40,046)	(105,494)
2028	(44,794)	(54,132)	(98,926)
2029	(42,009)	(49,368)	(91,377)
Thereafter	(43,924)	(37,096)	(81,020)
Total	<u>(\$433,910)</u>	<u>(\$533,755)</u>	<u>(\$967,665)</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.

Grand Valley Local School District

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

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

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

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

	June 30, 2023
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate,	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

Grand Valley Local School District

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$973,546	\$761,601	\$594,476
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$559,523	\$761,601	\$1,029,385

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

Grand Valley Local School District

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

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

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
School District's proportionate share of the net OPEB (asset)	(\$661,052)	(\$781,044)	(\$885,545)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB (asset)	(\$890,394)	(\$781,004)	(\$694,334)

Note 24 – Asset Retirement Obligations

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$25,000 associated with the School District's underground storage tanks was estimated by the School District. The UST is fully depreciated. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Required Supplementary Information

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

	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.04592620%	0.04910980%	0.04828570%
School District's Proportionate Share of the Net Pension Liability	\$2,537,659	\$2,656,240	\$1,781,603
School District's Covered Payroll	\$2,001,014	\$1,833,586	\$1,663,629
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	126.82%	144.87%	107.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016	2015
0.04658330%	0.04770810%	0.04581120%	0.04795540%	0.05067780%	0.05017260%	0.05099100%
\$3,081,118	\$2,854,459	\$2,623,692	\$2,865,229	\$3,709,147	\$2,862,898	\$2,580,625
\$1,630,457	\$1,646,007	\$1,533,511	\$1,593,700	\$1,525,886	\$1,511,171	\$1,494,145
188.97%	173.42%	171.09%	179.78%	243.08%	189.45%	172.72%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

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

	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.04622930%	0.04864160%	0.04976360%
School District's Proportionate Share of the Net OPEB Liability	\$761,601	\$682,932	\$941,817
School District's Covered Payroll	\$2,001,014	\$1,833,586	\$1,663,629
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.06%	37.25%	56.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.04593510%	0.04705700%	0.04659910%	0.04825290%	0.05054780%
\$998,321	\$1,183,385	\$1,292,784	\$1,294,981	\$1,440,799
\$1,630,457	\$1,646,007	\$1,533,511	\$1,593,700	\$1,525,886
61.23%	71.89%	84.30%	81.26%	94.42%
18.17%	15.57%	13.57%	12.46%	11.49%

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

	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.04015937%	0.04101317%	0.04008887%
School District's Proportionate Share of the Net Pension Liability	\$8,648,296	\$9,117,279	\$5,125,722
School District's Covered Payroll	\$5,426,864	\$5,291,100	\$4,987,921
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	159.36%	172.31%	102.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016	2015
0.04222695%	0.04331729%	0.04401931%	0.04699738%	0.04623467%	0.04621170%	0.04614833%
\$10,217,419	\$9,579,358	\$9,678,857	\$11,164,329	\$15,476,137	\$12,771,564	\$11,224,871
\$5,101,764	\$5,108,021	\$4,987,671	\$5,181,600	\$5,436,486	\$4,844,950	\$4,747,900
200.27%	187.54%	194.06%	215.46%	284.67%	263.61%	236.42%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

Grand Valley Local School District, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Eight Years (1) **

	2024	2023	2022
School District's Proportion of the Net OPEB Liability/Asset	0.04015937%	0.04101317%	0.04008887%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$781,044)	(\$1,061,968)	(\$845,241)
School District's Covered Payroll	\$5,426,864	\$5,291,100	\$4,987,921
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.39%	-20.07%	-16.95%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.04222695%	0.04331729%	0.04401931%	0.04699738%	0.04623467%
(\$742,138)	(\$717,439)	(\$707,346)	\$1,833,664	\$2,472,642
\$5,101,764	\$5,108,021	\$4,987,671	\$5,181,600	\$5,436,486
-14.55%	-14.05%	-14.18%	35.39%	45.48%
182.10%	174.70%	176.00%	47.10%	37.30%

Grand Valley Local School District, Ohio*Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years*

	2024	2023	2022
Net Pension Liability:			
Contractually Required Contribution	\$255,103	\$280,142	\$256,702
Contributions in Relation to the Contractually Required Contribution	(255,103)	(280,142)	(256,702)
Contribution Deficiency (Excess)	\$0	\$0	\$0
School District Covered Payroll (1)	\$1,822,164	\$2,001,014	\$1,833,586
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability:			
Contractually Required Contribution (2)	\$31,048	\$28,244	\$23,717
Contributions in Relation to the Contractually Required Contribution	(31,048)	(28,244)	(23,717)
Contribution Deficiency (Excess)	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	1.70%	1.41%	1.29%
Total Contributions as a Percentage of Covered Payroll (2)	15.70%	15.41%	15.29%

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016	2015
\$232,908	\$228,264	\$222,211	\$207,024	\$223,118	\$213,624	\$199,172
(232,908)	(228,264)	(222,211)	(207,024)	(223,118)	(213,624)	(199,172)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1,663,629	\$1,630,457	\$1,646,007	\$1,533,511	\$1,593,700	\$1,525,886	\$1,511,171
14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$31,851	\$18,138	\$28,355	\$33,392	\$24,399	\$22,108	\$30,479
(31,851)	(18,138)	(28,355)	(33,392)	(24,399)	(22,108)	(30,479)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
1.91%	1.11%	1.72%	2.18%	1.53%	1.45%	2.02%
15.91%	15.11%	15.22%	15.68%	15.53%	15.45%	15.20%

Grand Valley Local School District, Ohio

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

	2024	2023	2022
Net Pension Liability:			
Contractually Required Contribution	\$769,558	\$759,761	\$740,754
Contributions in Relation to the Contractually Required Contribution	(769,558)	(759,761)	(740,754)
Contribution Deficiency (Excess)	\$0	\$0	\$0
School District Covered Payroll (1)	\$5,496,843	\$5,426,864	\$5,291,100
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability (Asset) (1)			

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2015-2024, STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016	2015
\$698,309	\$714,247	\$715,123	\$698,274	\$725,424	\$761,108	\$678,293
(698,309)	(714,247)	(715,123)	(698,274)	(725,424)	(761,108)	(678,293)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$4,987,921	\$5,101,764	\$5,108,021	\$4,987,671	\$5,181,600	\$5,436,486	\$4,844,950
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

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

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

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

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

Changes in Assumptions – STRS

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

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

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

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

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

Changes in Benefit Term – STRS

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:	
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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

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

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

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

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

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

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

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GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	2024		\$104,791
National School Lunch Program	10.555	2024		230,854
COVID-19 - National School Lunch Program	10.555	2024		26,657
Non-Cash Food Commodities	10.555	2024		41,314
Total Child Nutrition Cluster				403,616
Total U.S. Department of Agriculture				403,616
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education and Workforce:</i>				
Title I - Grants to Local Educational Agencies	84.010A	2023		37,245
Title I - Grants to Local Educational Agencies	84.010A	2024		288,329
Subtotal Title I - Grants to Local Educational Agencies				325,574
<i>Special Education Cluster:</i>				
IDEA-B - Special Education Grants to State	84.027A	2024	\$229,119	229,119
Special Education - Preschool Grants	84.173A	2024	6,977	6,977
Subtotal - Special Education Cluster			236,096	236,096
Title II - A - Improving Teacher Quality State Grants	84.367A	2023		8,318
Title II - A - Improving Teacher Quality State Grants	84.367A	2024		62,487
Subtotal - Title II - A Improving Teacher Quality State Grants				70,805
Student Support and Academic Enrichment	84.424A	2024		78,608
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2023		39,224
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) III	84.425U	2023		250,255
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) III	84.425U	2024		1,847,344
COVID-19 - American Rescue Plan Homeless Targeted Support	84.425W	2023		8,911
Subtotal ESSER				2,145,734
Total - U.S. Department of Education				2,856,817
<u>U.S. DEPARTMENT OF TREASURY:</u>				
<i>Passed Through the Ohio Office of Budget and Management</i>				
COVID-19 - State and Local Fiscal Recovery Funds	21.027	2023		113,428
Total U.S. Department of Treasury				113,428
Total Expenditures of Federal Awards			\$236,096	\$3,373,861

The accompanying notes are an integral part of this schedule.

**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Grand Valley Local School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District passes certain federal awards received from the Special Education Cluster - AL #84.027 and AL #84.173 to the Ashtabula County Educational Service Center (subrecipient). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass-through entity, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

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

Grand Valley Local School District
Ashtabula County
111 Grand Valley Avenue West
Orwell, Ohio 44076

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Local School District, Ashtabula County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 6, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2025



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

Grand Valley Local School District
Ashtabula County
111 Grand Valley Avenue West
Orwell, Ohio 44076

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2025

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**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



GRAND VALLEY LOCAL SCHOOL DISTRICT

ASHTABULA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/25/2025

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