OHIO AUDITOR OF STATE
KEITH FABER

AVON LOCAL SCHOOL DISTRICT
LORAIN COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Avon Local School District
Lorain County
36600 Detroit Road
Avon, Ohio 44011

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Avon Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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, the major fund, and the aggregate remaining fund information of the Avon Local School District, Lorain County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 25, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position increased by $8,979,361 over the fiscal year 2022 net position as the School District saw increases in property tax and investment earnings/interest revenues and a large decrease in the deferred inflow relating to pension due to changes in assumptions.

- The School District completed projects related to the Performing Arts Center project, tennis courts, and locker room renovations, as well as started roof replacements for Heritage Elementary and the High School.

- During the fiscal year, outstanding debt decreased from $70,535,579 to $68,077,461 due to the pay down of bonds, financed purchases, and a copier lease.

Using this Annual Financial Report

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 the School District as a financial whole, or a complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and the 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 fund with all other nonmajor funds presented in total in one column. In the case of the School District, the general fund is the most significant fund.

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 fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds 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 fiscal 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 that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the School District's programs and services, including instruction, support services, operation of non-instructional services, extracurricular activities, and general administration.

Reporting the School District's Most Significant Funds

The analysis of the School District's major fund 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 fund is the general 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 fiscal 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.

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

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 summary of the School District's net position for fiscal years 2023 and 2022:

Table 1
Net Position
Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	$83,492,560	$78,306,948	$5,185,612
Net OPEB Asset	4,304,977	3,555,999	748,978
Capital Assets, Net	93,930,720	92,783,075	1,147,645
Total Assets	181,728,257	174,646,022	7,082,235
Deferred Outflows of Resources			
Pension	11,579,363	12,140,508	(561,145)
OPEB	1,108,002	1,367,044	(259,042)
Total Deferred Outflows of Resources	12,687,365	13,507,552	(820,187)
Liabilities			
Current and Other Liabilities	8,762,323	8,367,875	(394,448)
Long-Term Liabilities:			
Due Within One Year	2,879,838	2,847,334	(32,504)
Due in More than One Year:			
Net Pension Liability	45,949,734	27,699,518	(18,250,216)
Net OPEB Liability	2,391,896	3,251,422	859,526
Other Amounts	68,733,738	71,350,098	2,616,360
Total Liabilities	128,717,529	113,516,247	(15,201,282)
Deferred Inflows of Resources			
Deferred Gain on Refunding	674,060	711,395	37,335
Property Taxes	34,266,709	35,158,825	892,116
Payments in Lieu of Taxes	4,972,768	4,545,839	(426,929)
Pension	4,366,118	22,142,204	17,776,086
OPEB	6,369,611	6,009,598	(360,013)
Total Deferred Inflows of Resources	50,649,266	68,567,861	17,918,595
Net Position			
Net Investment in Capital Assets	26,332,349	23,096,382	3,235,967
Restricted:			
Debt Service	4,121,416	3,346,760	774,656
Capital Projects	1,942,275	2,995,779	(1,053,504)
Other Purposes	5,632,914	3,213,055	2,419,859
Unrestricted (Deficit)	(22,980,127)	(26,582,510)	3,602,383
Total Net Position	$15,048,827	$6,069,466	$8,979,361

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

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

At year end, capital assets represented 52 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible assets. Net investment in capital assets was $26,332,349 at June 30, 2023. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position represents resources that are subject to external restrictions on how they may be used. The deficit balance of government-wide unrestricted net position was ($22,980,127).

Current and other assets increased due to an increase in cash balances, mainly in general fund, as property taxes and investment earnings/interest revenues increased and revenues as a whole exceeded the needs of the School District. The increase in the OPEB asset is discussed below and the increase in capital assets was due primarily to capital outlay for the Performing Arts Center, tennis courts, locker room renovations, field turf, and roofing projects. Current and other liabilities increased primarily due to increases in accrued wages and benefits, intergovernmental payables, matured compensated absences payable, contracts payable, and unearned revenue related to school safety grants. Total liabilities increased primarily due to changes in the pension systems, which are discussed below.

There were significant changes in net pension/OPEB liabilities and asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and the net pension/OPEB liabilities and asset and are described in more detail in their respective notes.

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

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2023 and 2022:

Table 2
Change in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenues:			
Charges for Services	$3,634,132	$2,674,030	$960,102
Operating Grants, Contributions and Interest	6,569,777	6,119,009	450,768
Capital Grants and Contributions	35,250	104,500	(69,250)
Total Program Revenues	10,239,159	8,897,539	1,341,620
General Revenues:			
Property Taxes	41,828,626	38,145,892	3,682,734
Payments in Lieu of Taxes	6,321,501	6,586,274	(264,773)
Grants and Entitlements, not Restricted	10,167,122	9,632,052	535,070
Unrestricted Contributions	3,487	4,700	(1,213)
Investment Earnings/Interest	1,042,561	(43,759)	1,086,320
Miscellaneous	208,725	441,055	(232,330)
Total General Revenues	59,572,022	54,766,214	4,805,808
Total Revenues	69,811,181	63,663,753	6,147,428
Program Expenses			
Instruction:			
Regular	26,801,921	24,471,734	(2,330,187)
Special	8,185,274	7,645,953	(539,321)
Vocational	133,079	95,208	(37,871)
Student Intervention Services	0	43,453	43,453
Support Services:			
Pupils	3,667,839	3,186,609	(481,230)
Instructional Staff	1,325,201	1,170,363	(154,838)
Board of Education	53,107	105,094	51,987
Administration	4,072,013	2,949,785	(1,122,228)
Fiscal	1,282,056	1,365,505	83,449
Business	245,319	234,601	(10,718)
Operation and Maintenance of Plant	4,835,769	4,147,941	(687,828)
Pupil Transportation	3,761,318	2,944,206	(817,112)
Central	395,443	310,013	(85,430)
Food Service Operations	1,427,272	1,311,897	(115,375)
Operation of Non-Instructional Services	1,134,501	1,042,014	(92,487)
Extracurricular Activities	1,807,267	1,365,838	(441,429)
Interest	1,704,441	1,446,287	(258,154)
Total Program Expenses	60,831,820	53,836,501	(6,995,319)
Change in Net Position	8,979,361	9,827,252	(847,891)
Net Position Beginning of Year	6,069,466	(3,757,786)	9,827,252
Net Position End of Year	$15,048,827	$6,069,466	$8,979,361

Governmental Activities

Overall, revenues increased during fiscal year 2023, primarily due to increased property taxes, investment earnings/interest, and intergovernmental revenue, as well as program revenues in the form of charges for services and operating grants, contributions and interest from the food service and elementary and secondary school emergency relief (ESSER) grant fund, respectively.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services in 2023	Net Cost of Services in 2023	Total Cost of Services in 2022	Net Cost of Services in 2022
Instruction:				
Regular	$26,801,921	($25,735,383)	$24,471,734	($23,068,208)
Special	8,185,274	(6,732,049)	7,645,953	(6,130,322)
Vocational	133,079	(126,109)	95,208	(87,272)
Student Intervention Services	0	0	43,453	(22,348)
Support Services:				
Pupils	3,667,839	(3,332,108)	3,186,609	(2,853,597)
Instructional Staff	1,325,201	(1,245,195)	1,170,363	(961,152)
Board of Education	53,107	(52,205)	105,094	(102,936)
Administration	4,072,013	(3,734,300)	2,949,785	(2,633,662)
Fiscal	1,282,056	(1,259,407)	1,365,505	(1,337,783)
Business	245,319	(240,553)	234,601	(228,940)
Operation and Maintenance of Plant	4,835,769	(2,215,365)	4,147,941	(3,825,034)
Pupil Transportation	3,761,318	(3,373,526)	2,944,206	(2,707,698)
Central	395,443	(379,948)	310,013	(294,096)
Food Service Operations	1,427,272	458,575	1,311,897	1,443,232
Operating of Non-Instructional Service	1,134,501	29,219	1,042,014	(46,568)
Extracurricular Activities	1,807,267	(949,866)	1,365,838	(636,291)
Interest	1,704,441	(1,704,441)	1,446,287	(1,446,287)
Total Expenses	$60,831,820	($50,592,661)	$53,836,501	($44,938,962)

The dependence upon general revenues for governmental activities is apparent as over 83 percent of governmental activities are supported through taxes and other general revenues. The community as a whole, is by far the primary support for the School District students.

School District's Funds

The School District's major fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $69,712,177 and total expenditures of $64,142,624 for the fiscal year. The net change in fund balances for the fiscal year was a increase of $5,569,553 for all governmental funds with the most significant increase in the general fund.

The general fund's net change in fund balance for fiscal year 2023 was an increase of $5,350,730. This increase is primarily due to increases in property taxes, investment earnings/interest, and intergovernmental revenues.

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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2023, the School District amended its general fund budget several times. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the general fund, the final budget basis revenue estimates did not change from the original budget basis revenue estimates in total. Actual revenues were higher than original and final budgeted revenues due primarily to higher than expected interest and intergovernmental revenues. The final budgeted expenditures were higher than the original budgeted expenditures due primarily to increased instruction and pupil transportation, pupils, and operation and maintenance of plant support services expenditures. Actual expenditures were just below final budgeted expenditures due to lower than expected regular instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. During the fiscal year, capital assets increased due to increased capital outlay related to the Performing Arts Center. The School District also had building improvements related to locker room renovations. Land improvement additions included tennis court improvements. The School District also had turf upgrades at the Middle School, which were incomplete as of June 30, 2023, as well as roof replacements at various school buildings. For more information on capital assets refer to Note 11 of the basic financial statements.

Debt

During the fiscal year, outstanding debt decreased due to paying down general obligation bonds, financed purchases, and a copier lease.

During fiscal year 2013, the School District issued $3,073,980 in school improvement bonds for the purpose of depositing into a construction fund for the School District's 2012 project.

During fiscal year 2015, the School District advance refunded portions of certain general obligation bonds issued in 2006 with a new general obligation bond issue. The School District issued $9,000,000 in serial general obligation school refunding bonds.

During fiscal year 2017, the School District issued $7,730,000 in serial school improvement refunding bonds. The bond proceeds were used to retire the 2007 school improvement refunding and the 2006 school improvement bond.

During fiscal year 2021, the School District issued $1,830,000 and $7,855,000 in serial and term school improvement bonds, respectively. The bond proceeds were used for the purpose of improving School District buildings and facilities.

During fiscal year 2021, the School District issued $460,000 and $7,255,000 in serial and term school improvement bonds, respectively. The bond proceeds were used for the purpose of improving school district buildings and facilities.

During fiscal year 2021, the School District issued $17,745,000 and $6,332 in serial and capital appreciation school improvement refunding bonds, respectively. The bond proceeds were used to partially retire the 2013 school improvement refunding and the 2014 school improvement refunding bonds.

During fiscal year 2022, the School District issued $18,890,000 in serial school improvement refunding bonds. The bond proceeds were used to partially retire the 2013 school improvement bonds.

During fiscal year 2022, the School District issued $3,250,000 in serial and $45,227 in capital appreciation bonds of school improvement refunding bonds, respectively.

During fiscal year 2018, the School District entered into a lease purchase agreement for buses in the amount of $359,437.

During fiscal year 2020, the School District entered into a lease purchase agreement from direct borrowings for buses in the amount of $381,748.

During fiscal year 2020, the School District entered into a lease for copiers in the amount of $476,800.

The School District's overall debt margin was $42,625,961 with an unvoted debt margin of $1,119,405 at June 30, 2023. For more information on debt, refer to Note 12 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations includes net pension liability, net OPEB liability, and compensated absences. Additional information for these items can be found in Note 12.

School District Outlook

The School District has committed itself to a fiscal discipline based on long-term plans. The School District is financially stable. The Board of Education and administration have implemented fiscal management disciplines that utilize a variety of formal plans. They have kept to the plan of working within the five-year budget plan, finished the building and renovation projections and are working towards the next phases. The enrollment and community continue to grow at a steady pace.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. Thus, management must diligently plan expenses staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast. The School District was able to pass a substitute levy, which combined all of their five emergency levies into one levy; this provided for financial stability knowing that funding was going to be constant.

Although the formula used to determine the School District's state funding was updated and adopted into law in for six years in 2021, it has not yet been funded for the entirety of the six-year adoption. Therefore, the School District cannot rely on this increase in state revenue and projects the unfunded years conservatively. This puts the School District on the ballot in a position to have to ask for additional funding, through new levies more often than it would like. Based on the School District's current five-year forecast, it will not need to ask the community for an additional operating levy until November 2025, or possibly later.

As the community continues to grow, student and staffing needs will grow, day to day operations will need to be managed and plan carefully. State funding will be a financial question for the School District. The School District will need to continue to manage, plan, and maximize its' resources in order to meet student and staff needs as they did in the past. All of the School District's financial abilities will be forecasted and monitored in accordance with needs to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional financial information, contact Sadie Fox, Treasurer, at Avon Local School District, 36600 Detroit Road, Avon, Ohio 44011.

Basic Financial Statements

Avon Local School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$34,302,485
Cash and Cash Equivalents with Fiscal Agent	730,698
Property Taxes Receivable	40,803,873
Payments in Lieu of Taxes Receivable	6,297,409
Accounts Receivable	9,966
Intergovernmental Receivable	1,348,129
Net OPEB Asset (See Note 22)	4,304,977
Nondepreciable Capital Assets	5,867,229
Depreciable Capital Assets, Net	88,063,491
Total Assets	181,728,257
Deferred Outflows of Resources	
Pension	11,579,363
OPEB	1,108,002
Total Deferred Outflows of Resources	12,687,365
Liabilities	
Accounts Payable	300,219
Accrued Wages and Benefits	4,724,206
Intergovernmental Payable	1,018,441
Accrued Interest Payable	120,735
Matured Compensated Absences Payable	103,041
Contracts Payable	1,227,869
Retainage Payable	135,134
Unearned Revenue	357,063
Claims Payable	775,615
Long-Term Liabilities:	
Due Within One Year	2,879,838
Due in More Than One Year:	
Net Pension Liability (See Note 21)	45,949,734
Net OPEB Liability (See Note 22)	2,391,896
Other Amounts Due in More Than One Year	68,733,738
Total Liabilities	128,717,529
Deferred Inflows of Resources	
Deferred Gain on Refunding	674,060
Property Taxes	34,266,709
Payments in Lieu of Taxes	4,972,768
Pension	4,366,118
OPEB	6,369,611
Total Deferred Inflows of Resources	50,649,266
Net Position	
Net Investment in Capital Assets	26,332,349
Restricted for:	
Debt Service	4,121,416
Capital Projects	1,942,275
Food Service Operations	2,327,587
Latchkey	778,725
Student Activities	103,072
Athletics and Music	160,618
Auxiliary Services	38,313
Local Grants	33,798
State Grants	134,295
Federal Grants	1,025,489
OPEB Plans	1,031,017
Unrestricted (Deficit)	(22,980,127)
Total Net Position	$15,048,827

See accompanying notes to the basic financial statements

Avon Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$26,801,921	$798,428	$261,324	$6,786	($25,735,383)
Special	8,185,274	126,279	1,326,946	0	(6,732,049)
Vocational	133,079	2,168	4,802	0	(126,109)
Support Services:					
Pupils	3,667,839	108,708	227,023	0	(3,332,108)
Instructional Staff	1,325,201	17,997	39,453	22,556	(1,245,195)
Board of Education	53,107	902	0	0	(52,205)
Administration	4,072,013	62,489	275,224	0	(3,734,300)
Fiscal	1,282,056	21,339	0	1,310	(1,259,407)
Business	245,319	4,766	0	0	(240,553)
Operation and Maintenance of Plant	4,835,769	73,631	2,545,959	814	(2,215,365)
Pupil Transportation	3,761,318	52,588	335,204	0	(3,373,526)
Central	395,443	6,495	9,000	0	(379,948)
Food Service Operations	1,427,272	1,140,163	745,684	0	458,575
Operation of Non-Instructional Services	1,134,501	387,633	776,087	0	29,219
Extracurricular Activities	1,807,267	830,546	23,071	3,784	(949,866)
Interest	1,704,441	0	0	0	(1,704,441)
Total	$60,831,820	$3,634,132	$6,569,777	$35,250	(50,592,661)

General Revenues	
Property Taxes Levied for:	
General Purposes	37,080,713
Debt Service	3,888,224
Capital Projects	859,689
Payments in Lieu of Taxes	6,321,501
Grants and Entitlements not Restricted to Specific Programs	10,167,122
Unrestricted Contributions	3,487
Investment Earnings/Interest	1,042,561
Miscellaneous	208,725
Total General Revenues	59,572,022
Change in Net Position	8,979,361
Net Position Beginning of Year	6,069,466
Net Position End of Year	$15,048,827

See accompanying notes to the basic financial statements

Avon Local School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$24,750,930	$9,448,624	$34,199,554
Accounts Receivable	9,966	0	9,966
Interfund Receivable	93,884	0	93,884
Intergovernmental Receivable	52,501	1,295,628	1,348,129
Property Taxes Receivable	36,198,602	4,605,271	40,803,873
Payments in Lieu of Taxes Receivable	5,630,298	667,111	6,297,409
Total Assets	$66,736,181	$16,016,634	$82,752,815
Liabilities			
Accounts Payable	$128,130	$172,089	$300,219
Accrued Wages and Benefits	4,413,879	206,281	4,620,160
Contracts Payable	12,448	1,215,421	1,227,869
Interfund Payable	0	93,884	93,884
Intergovernmental Payable	1,005,287	13,154	1,018,441
Matured Compensated Absences Payable	103,041	0	103,041
Retainage Payable	0	135,134	135,134
Unearned Revenue	0	357,063	357,063
Total Liabilities	5,662,785	2,193,026	7,855,811
Deferred Inflows of Resources			
Property Taxes	30,399,570	3,867,139	34,266,709
Payments in Lieu of Taxes	4,452,039	520,729	4,972,768
Unavailable Revenue	112,087	97,562	209,649
Total Deferred Inflows of Resources	34,963,696	4,485,430	39,449,126
Fund Balances			
Restricted	0	9,426,562	9,426,562
Committed	11,000	0	11,000
Assigned	598,020	0	598,020
Unassigned (Deficit)	25,500,680	(88,384)	25,412,296
Total Fund Balances	26,109,700	9,338,178	35,447,878
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$66,736,181	$16,016,634	$82,752,815

See accompanying notes to the basic financial statements

Avon Local School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$35,447,878
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		93,930,720
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	81,438	
Intergovernmental	88,356	
Tuition and Fees	39,855	
Total		209,649
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(120,735)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(67,755,885)	
Financed Purchases	(197,289)	
Lease	(124,287)	
Compensated Absences	(3,536,115)	
Total		(71,613,576)
Deferred inflows of resources represent deferred gains on refundings, which are not reported in the funds.		(674,060)
Internal service funds are used by management to charge the costs of self insurance and other operations to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position.		(46,032)
The net pension and net OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred outflows/inflows are not reported in governmental funds:		
Net OPEB Asset	4,304,977	
Deferred Outflows - Pension	11,579,363	
Deferred Outflows - OPEB	1,108,002	
Net Pension Liability	(45,949,734)	
Net OPEB Liability	(2,391,896)	
Deferred Inflows - Pension	(4,366,118)	
Deferred Inflows - OPEB	(6,369,611)	
Total		(42,085,017)
Net Position of Governmental Activities		$15,048,827

See accompanying notes to the basic financial statements

Avon Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$37,062,943	$4,745,757	$41,808,700
Payments in Lieu of Taxes	5,653,650	667,851	6,321,501
Intergovernmental	10,665,020	5,769,059	16,434,079
Investment Earnings/Interest	1,029,353	79,103	1,108,456
Tuition and Fees	1,227,780	0	1,227,780
Charges for Services	0	1,528,092	1,528,092
Extracurricular Activities	294,236	454,344	748,580
Contributions and Donations	122,840	64,992	187,832
Rentals	138,432	0	138,432
Miscellaneous	127,861	80,864	208,725
Total Revenues	56,322,115	13,390,062	69,712,177
Expenditures			
Current:			
Instruction:			
Regular	23,395,910	162,708	23,558,618
Special	7,588,894	641,464	8,230,358
Vocational	128,281	0	128,281
Support Services:			
Pupils	3,291,470	341,828	3,633,298
Instructional Staff	1,066,633	279,733	1,346,366
Board of Education	53,450	0	53,450
Administration	3,686,907	275,429	3,962,336
Fiscal	1,276,618	73,519	1,350,137
Business	264,127	295	264,422
Operation and Maintenance of Plant	4,377,122	70,650	4,447,772
Pupil Transportation	3,157,805	0	3,157,805
Central	382,910	9,000	391,910
Food Service Operations	0	1,441,905	1,441,905
Operation of Non-Instructional Services	22,152	1,133,529	1,155,681
Extracurricular Activities	1,142,026	461,080	1,603,106
Capital Outlay	0	5,214,708	5,214,708
Debt Service:			
Principal Retirement	107,771	2,463,379	2,571,150
Capital Appreciation Bond Accretion	0	121,435	121,435
Interest	30,457	1,479,429	1,509,886
Total Expenditures	49,972,533	14,170,091	64,142,624
Excess of Revenues Over (Under) Expenditures	6,349,582	(780,029)	5,569,553
Other Financing Sources (Uses)			
Transfers In	0	998,852	998,852
Transfers Out	(998,852)	0	(998,852)
Total Other Financing Sources (Uses)	(998,852)	998,852	0
Net Change in Fund Balances	5,350,730	218,823	5,569,553
Fund Balances Beginning of Year	20,758,970	9,119,355	29,878,325
Fund Balances End of Year	$26,109,700	$9,338,178	$35,447,878

See accompanying notes to the basic financial statements

Avon Local School District

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

For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		$5,569,553
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:		
Capital Outlay	$3,933,385	
Current Year Depreciation	(2,785,740)	
Total		1,147,645
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	19,926	
Intergovernmental	87,830	
Tuition and Fees	(8,752)	
Total		99,004
Repayment of debt service are expenditures in the governmental funds, but the repayments reduce long-term liabilities in the statement of net position:		
Principal Retirement	2,571,150	
Capital Appreciation Bond Accretion	121,435	
Total		2,692,585
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest on Bonds	2,577	
Amortization of Premium on Bonds	278,417	
Amortization of Deferred Gain on Refunding	37,335	
Annual Accretion	(512,884)	
Total		(194,555)
Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		125,738
Internal service funds used by management are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental expenses.		(414,783)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	4,189,373	
OPEB	127,818	
Total		4,317,191
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	(5,224,648)	
OPEB	861,631	
Total		(4,363,017)
Change in Net Position of Governmental Activities		$8,979,361

See accompanying notes to the basic financial statements

Avon Local School District

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

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$36,722,488	$36,722,488	$35,950,179	($772,309)
Payments in Lieu of Taxes	5,630,298	5,630,298	5,630,298	0
Intergovernmental	10,137,940	10,137,940	10,702,755	564,815
Interest	69,165	69,165	1,024,836	955,671
Tuition and Fees	932,827	932,827	819,110	(113,717)
Extracurricular Activities	211,963	211,963	222,225	10,262
Contributions and Donations	4,868	4,868	3,487	(1,381)
Rentals	113,017	113,017	150,654	37,637
Miscellaneous	323,157	323,157	59,596	(263,561)
Total Revenues	54,145,723	54,145,723	54,563,140	417,417
Expenditures				
Current:				
Instruction:				
Regular	22,939,523	23,059,344	23,039,628	19,716
Special	7,558,993	7,634,407	7,634,406	1
Vocational	110,870	122,718	122,718	0
Student Intervention Services	25,177	0	0	0
Support Services:				
Pupils	2,925,260	3,121,045	3,121,045	0
Instructional Staff	1,128,352	1,078,085	1,078,085	0
Board of Education	70,870	53,800	53,800	0
Administration	3,347,693	3,359,191	3,359,191	0
Fiscal	1,421,008	1,249,877	1,249,758	119
Business	255,089	276,967	276,967	0
Operation and Maintenance of Plant	4,442,681	4,544,135	4,544,135	0
Pupil Transportation	2,942,682	3,185,959	3,185,959	0
Central	360,508	371,946	371,611	335
Operation of Non-Instructional Services	27,296	10,650	10,650	0
Extracurricular Activities	1,118,487	1,128,366	1,128,366	0
Debt Service:				
Principal Retirement	107,771	107,771	107,771	0
Interest	30,457	30,457	30,457	0
Total Expenditures	48,812,717	49,334,718	49,314,547	20,171
Excess of Revenues Over Expenditures	5,333,006	4,811,005	5,248,593	437,588
Other Financing Sources (Uses)				
Advances In	0	0	488,085	488,085
Transfers In	1,811	1,811	0	(1,811)
Advances Out	0	(93,884)	(93,884)	0
Transfers Out	0	(998,852)	(998,852)	0
Total Other Financing Sources (Uses)	1,811	(1,090,925)	(604,651)	486,274
Net Change in Fund Balance	5,334,817	3,720,080	4,643,942	923,862
Fund Balance Beginning of Year	18,760,820	18,760,820	18,760,820	0
Prior Year Encumbrances Appropriated	383,355	383,355	383,355	0
Fund Balance End of Year	$24,478,992	$22,864,255	$23,788,117	$923,862

See accompanying notes to the basic financial statements

Avon Local School District

Statement of Fund Net Position

Proprietary Fund

June 30, 2023

	Governmental Activities - Internal Service Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	$102,931
Cash and Cash Equivalents with Fiscal Agent	730,698
Total Assets	833,629
Liabilities	
Accrued Wages and Benefits	104,046
Claims Payable	775,615
Total Liabilities	879,661
Net Position	
Unrestricted (Deficit)	($46,032)

See accompanying notes to the basic financial statements

Avon Local School District

Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service Fund
Operating Revenues	
Charges for Services	$8,665,851
Operating Expenses	
Purchased Services	293,497
Claims	8,724,085
Other	113,745
Total Operating Expenses	9,131,327
Operating Loss	(465,476)
Non-Operating Revenues	
Investment Earnings/Interest	50,693
Change in Net Position	(414,783)
Net Position Beginning of Year	368,751
Net Position End of Year	($46,032)

See accompanying notes to the basic financial statements

Avon Local School District

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service Fund
Increases (Decreases) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	$8,665,851
Cash Payments for Goods and Services	(293,497)
Cash Payments for Claims	(8,790,592)
Cash Payments for Other Items	(9,969)
Net Cash Used for Operating Activities	(428,207)
Cash Flows from Investing Activities	
Investment Earnings/Interest on Investments	50,693
Net Decrease in Cash and Cash Equivalents	(377,514)
Cash and Cash Equivalents Beginning of Year	1,211,143
Cash and Cash Equivalents End of Year	$833,629
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	($465,476)
Adjustments:	
Increase (Decrease) in Liabilities:	
Accounts Payable	(270)
Accrued Wages and Benefits	104,046
Claims Payable	(66,507)
Total Adjustments	37,269
Net Cash Used for Operating Activities	($428,207)

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

The Avon Local School District (the School District) was 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 an elected Board of Education consisting of five members, and is responsible for providing public education to residents of the School District.

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 of the School District are not misleading. The primary government 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.

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. Their monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported in a special revenue fund and as a governmental activity 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 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 does not have any component units.

The School District is associated with Connect, the Lorain County Joint Vocational School District, Ohio Schools Council, the Great Lakes Council of Governments, and the Schools of Ohio Risk Sharing Authority, which are considered to be jointly governed organizations and a public entity risk pool. These organizations are addressed in Notes 16 and 17 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 entity for establishing governmental accounting and financial principles. The more significant of the School District's accounting policies are described as follows.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. 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 are 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 program or 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. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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. The funds of the School District are divided into two categories: governmental and proprietary.

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

The following is the School District's major governmental fund:

> ***General Fund*** The general fund is the general 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.

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

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The School District's only proprietary fund is internal service.

> ***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The School District's internal service fund is:

>> ***Self-Insurance Fund*** This fund accounts for monies received from other funds as payment for providing employee benefits. The self-insurance fund may make payments for services provided to employees, for reimbursements to employees who have paid providers, to third party administrators for claim payments or administration, for stop-loss coverage, or other reinsurance or other similar purpose.

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 (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include 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, all proprietary 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. For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

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 proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the 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. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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, payments in lieu of taxes, grants, interest, tuition and fees, charges for services, and rentals.

Unearned Revenue Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for revenue from grants received before the eligibility requirements are met.

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 21 and 22.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, unavailable revenue, deferred gain on refunding, pension and OPEB plans. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. 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 18. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 21 and 22).

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the "operating grants and contributions" program revenue account.

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.

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.

Cash and Cash Equivalents

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

The School District participates in a claims servicing pool and its balance within the pool is reported as "Cash and Cash Equivalents with Fiscal Agents".

During fiscal year 2023, investments were limited to STAR Ohio, a money market account, federal agriculture mortgage corporation bonds, federal home loan bank bonds, federal home loan mortgage corporation bonds, federal farm credit bank bonds, negotiable certificates of deposit, and treasury notes. Investments are reported at fair value except for STAR Ohio.

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

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, 24 hours advance notice for deposits and withdrawals of $100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to $250 million per day.

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 2023 amounted to $1,029,353, which includes $192,970 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 reported as cash equivalents.

Capital Assets

All capital assets (except for intangible right to use lease assets, which are discussed below) of the School District are classified as general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by back trending (i.e., estimating the current replacement cost of the assets 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/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	5-30 Years
Buildings and Improvements	30-50 Years
Furniture and Equipment	7-20 Years
Vehicles	10-20 Years
Intangible Assets	5 Years

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

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.

Compensated Absences

Compensated absences include salary related payments related to vacation and sick leave liabilities. Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. Sick leave benefits are accrued as a liability using the "termination payment method". The termination payment method accrues a liability that is based entirely on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The estimate is based on past experience. This estimate (ratio) is then applied to employees' sick leave balances and current wages at fiscal year-end.

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' 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.

Fund Balances

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by 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 Board of Education also assigned fund balance for a miscellaneous trust, public school support, special events, and workers' compensation.

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.

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 borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes included resources which will be used for regular education, special education, pupil support services and instructional staff support services. Restricted net position for OPEB plans represents the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for the self insurance program. Operating expenses are necessary costs that are incurred to provide the goods or services that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Premiums

On the government-wide financial statements, bond premiums are deferred and 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 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.

Deferred Gain on Refunding

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

Internal Activity

Transfers between governmental funds 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.

Estimates

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

Budgetary Data

All 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 amount that the Board of Education may appropriate. The appropriations resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. The Treasurer has been given authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Leases Payable

The School District serves as lessee in a noncancellable lease, which is accounted for as follows:

> ***Lessee*** At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized 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.

Note 3 – Change in Accounting Principles

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

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

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

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any long-term contracts that met the GASB 96 definition of a SBITA.

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

Note 4 – Accountability

The following funds had deficit fund balances at June 30, 2023:

Fund	Deficit Fund Balances
Special Revenue Funds:	
Elementary and Secondary School Emergency Relief	($87,833)
Title I	(551)

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.

Note 5 – 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, disbursement and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

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

4. Advances In and Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Budgetary revenues and expenditures of the miscellaneous trust, uniform school supplies, internal service rotary, public school support, Lorain County schools crisis counseling, sunshine, workers' compensation, and OHSAA tournaments funds are reclassified to the general fund for GAAP reporting.

6. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance

	General
GAAP Basis	$5,350,730
Net Adjustment for Revenue Accruals	(933,059)
Beginning Fair Value Adjustment for Investments	(111,335)
Ending Fair Value Adjustment for Investments	106,818
Net Adjustment for Expenditure Accruals	(57,607)
Advances In	488,085
Advances Out	(93,884)
Perspective Differences:	
Miscellaneous Trust	(18,765)
Uniform School Supplies	(45,032)
Internal Services Rotary	1,921
Public School Support	50,616
Lorain County Schools Crisis Counseling	1,030
Sunshine	1,385
Workers' Compensation	(48,832)
OHSAA Tournaments	(14,070)
Adjustment for Encumbrances	(34,059)
Budget Basis	$4,643,942

Note 6 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total
Restricted for:			
Debt Service	$0	$4,234,663	$4,234,663
Capital Projects	0	1,615,491	1,615,491
Food Service Operations	0	2,327,587	2,327,587
Latchkey	0	778,725	778,725
Student Activities	0	103,072	103,072
Athletics and Music	0	160,618	160,618
Auxiliary Services	0	38,313	38,313
Local Grants	0	33,798	33,798
State Grants	0	134,295	134,295
Total Restricted	0	9,426,562	9,426,562
Committed to:			
Underground Storage	11,000	0	11,000
Assigned to:			
Purchases on Order	23,515	0	23,515
Miscellaneous Trusts	84,627	0	84,627
Public School Support	109,952	0	109,952
Special Events	5,358	0	5,358
Workers' Compensation	374,568	0	374,568
Total Assigned	598,020	0	598,020
Unassigned (Deficit)	25,500,680	(88,384)	25,412,296
Total Fund Balances	$26,109,700	$9,338,178	$35,447,878

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.

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

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

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

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

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

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

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

7. The State Treasurer's investment pool (STAR Ohio); 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 monies 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 for deposits 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, $1,619,204 of the School District's total bank balance of $5,932,311 was exposed to custodial credit risk because those deposits were uninsured and uncollaterized. Two of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

Cash with Fiscal Agent At June 30, 2023, the School District's self insurance internal service fund had a $730,698 balance with the Great Lakes Council of Governments (the Council), a claims servicing pool (See Note 16). The balance is held by the claims administrator in a pooled account which is representative of several entities and therefore cannot be included in the risk disclosures reported by the School District. Disclosures for the Council, as a whole, may be obtained from the Council's fiscal agent.

Investments

As of June 30, 2023, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	$23,616,886	Less Than One Year	AAAm	83.09 %
Fair Value - Level 1 Inputs:				
Money Market Account	19,062	Less Than One Year	AAAm	N/A
Fair Value - Level 2 Inputs:				
Federal Agriculture Mortgage Corporation Bonds	164,310	Less Than Three Years	AA+	N/A
Federal Home Loan Bank Bonds	562,151	Less Than Four Years	AA+	N/A
Federal Home Loan Mortgage Corporation Bonds	284,557	Less Than Four Years	AA+	N/A
Federal Farm Credit Bank Bonds	1,249,914	Less Than Four Years	AA+	N/A
Negotiable Certificates of Deposit	584,914	Less Than Three Years	N/A	N/A
Treasury Notes	1,940,420	Less Than Four Years	N/A	6.83
Total Investments	$28,422,214			

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 preceding chart identifies the School District's recurring fair value measurements as of June 30, 2023. The money market accounts are measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's investments 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 As a means of limiting its exposure to fair value losses arising from rising interest rates, and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less. 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 investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements shall not exceed thirty days.

Credit Risk The School District's investment policy requires certain credit ratings for some investments as allowed by State law. STAR Ohio carries a credit rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal home loan bank bonds and federal farm credit bank bonds carry a rating of AA+ by Standard & Poor's. The negotiable certificates of deposits and the treasury notes are not rated.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

Note 8 – Property Taxes

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

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

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

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

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

The amount available as an advance at June 30, 2023, was $5,726,800 in the general fund, $594,787 in the bond retirement fund, and $134,139 in the permanent improvement fund. The amount available as an advance at June 30, 2022, was $4,614,036 in the general fund, $492,109 in the bond retirement fund, and $108,222 in the permanent improvement fund. The difference was in the timing and collection by the County Auditor.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$1,081,960,290	97.98%	$1,095,979,590	97.91%
Public Utility Personal Property	22,260,560	2.02%	23,425,480	2.09%
Total	$1,104,220,850	100.00%	$1,119,405,070	100.00%
Tax rate per $1,000 of Assessed Valuation	$57.29		$57.13	

The tax rate decreased due to the bond and emergency levies decreasing to keep collection amounts consistent from the increase in assessed valuation.

Note 9 – Tax Abatements

School District property taxes were reduced under Enterprise Zone agreements entered into by an overlapping government – the City of Avon. As a result of the agreements, the School District had $157,582 in taxes abated for fiscal year 2023.

Note 10 – Receivables

Receivables at June 30, 2023 consisted of property taxes, payments in lieu of taxes, accounts, interfund and intergovernmental. 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. 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:

Intergovernmental Receivable	Amounts
Governmental Funds:	
Elementary and Secondary School Emergency Relief	$1,025,689
IDEA-B Grants	225,192
Title I Grants	43,362
Foundation Settlement	39,855
Bureau of Workers' Compensation Refund	8,591
Medicaid Reimbursement	4,055
Title II-A Grant	768
Miscellaneous Federal Grant	617
Total Governmental Funds	$1,348,129

Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships and counties can enter into TIF agreements, which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of the TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

Note 11 – Capital Assets

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

	Balance 7/1/22	Additions	Deletions	Balance 6/30/23
Governmental Activities				
Capital Assets, not being depreciated/amortized:				
Land	$3,603,900	$0	$0	$3,603,900
Construction in Progress	19,345,086	2,575,086	(19,656,843)	2,263,329
Total Capital Assets, not being depreciated/amortized	22,948,986	2,575,086	(19,656,843)	5,867,229
Capital Assets, being depreciated/amortized:				
Land Improvements	3,350,493	645,773	0	3,996,266
Buildings and Improvements	96,616,166	20,298,271	0	116,914,437
Furniture and Equipment	2,874,866	38,823	0	2,913,689
Vehicles	3,315,975	32,275	0	3,348,250
Intangible Right to Use Lease - Copiers	325,507	0	0	325,507
Total Capital Assets, being depreciated/amortized	106,483,007	21,015,142	0	127,498,149
Less Accumulated Depreciation/Amortization:				
Land Improvements	(1,329,020)	(219,910)	0	(1,548,930)
Buildings and Improvements	(31,001,102)	(2,140,894)	0	(33,141,996)
Furniture and Equipment	(1,875,731)	(133,094)	0	(2,008,825)
Vehicles	(2,334,563)	(183,340)	0	(2,517,903)
Intangible Right to Use Lease - Copiers **	(108,502)	(108,502)	0	(217,004)
Total Accumulated Depreciation/Amortization	(36,648,918)	(2,785,740) *	0	(39,434,658)
Total Capital Assets, being depreciated/amortized, net	69,834,089	18,229,402	0	88,063,491
Governmental Activities Capital Assets, Net	$92,783,075	$20,804,488	($19,656,843)	$93,930,720

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

	Depreciation	Amortization	Total
Instruction:			
Regular	$2,379,588	$98,329	$2,477,917
Support Services:			
Instructional Staff	3,543	0	3,543
Administration	19,659	0	19,659
Fiscal	310	0	310
Business	0	6,782	6,782
Operation and Maintenance of Plant	44,884	0	44,884
Pupil Transportation	209,090	3,391	212,481
Central	769	0	769
Food Service Operations	9,587	0	9,587
Operation of Non-Instructional Services	7,479	0	7,479
Extracurricular Activities	2,329	0	2,329
Total Depreciation/Amortization Expense	$2,677,238	$108,502	$2,785,740

** Of the current year depreciation/amortization total of $2,785,740, $108,502 is presented as regular instruction, support services – business, and support services – pupil transportation expense on the statement of activities related to the School District's intangible asset related to copiers, which is included as an Intangible Right to Use Lease.

Note 12 – Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's long-term obligations is as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
General Obligation Bonds:			
School Improvement - 2013A:			
Capital Appreciation Bonds	2.53% - 17.22%	$3,073,980	December 1, 2030
School Improvement Refunding - 2014:			
Serial Bonds	1.00% - 4.00%	9,000,000	December 1, 2022
School Improvement Refunding - 2016:			
Serial Bonds	1.00% - 4.00%	7,730,000	December 1, 2029
School Improvement - 2020-1:			
Serial Bonds	1.50% - 3.00%	1,830,000	December 1, 2030
Term Bonds	2.00% - 3.00%	7,855,000	December 1, 2056
School Improvement - 2020-2:			
Serial Bonds	3.00%	460,000	December 1, 2024
Term Bonds	2.375% - 4.00%	7,255,000	December 1, 2056
School Improvement Refunding - 2020:			
Serial Bonds	0.325% - 2.153%	17,745,000	December 1, 2035
Capital Appreciation Bonds	95.00%	6,332	December 1, 2029
School Improvement Refunding - 2021-1:			
Serial Bonds	1.00% - 3.00%	18,890,000	December 1, 2041
School Improvement Refunding - 2021-2:			
Serial Bonds	0.20% - 1.45%	3,250,000	December 1, 2028
Capital Appreciation Bonds	102.00%	45,227	December 1, 2023

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 7/1/22	Additions	Reductions	Principal Outstanding 6/30/23	Amount Due in One Year
General Obligation Bonds:					
School Improvement Bonds - 2013A					
Capital Appreciation Bonds	$2,657,164	$0	($378,565)	$2,278,599	$347,797
Accretion on Capital Appreciation Bonds	2,049,069	369,267	(121,435)	2,296,901	142,203
Total School Improvement Refunding Bonds - 2013A	4,706,233	369,267	(500,000)	4,575,500	490,000
School Improvement Refunding Bonds - 2014					
Serial Bonds	490,000	0	(490,000)	0	0
Unamortized Premium	32,709	0	(32,709)	0	0
Total School Improvement Refunding Bonds - 2014	522,709	0	(522,709)	0	0
School Improvement Refunding Bonds - 2016					
Serial Bonds	5,235,000	0	(495,000)	4,740,000	615,000
Unamortized Premium	565,061	0	(70,633)	494,428	0
Total School Improvement Refunding Bonds - 2016	5,800,061	0	(565,633)	5,234,428	615,000
School Improvement Bonds - 2020-1					
Serial Bonds	1,725,000	0	(175,000)	1,550,000	175,000
Term Bonds	7,855,000	0	0	7,855,000	0
Total School Improvement Bonds - 2020-1	9,580,000	0	(175,000)	9,405,000	175,000
School Improvement Bonds - 2020-2					
Serial Bonds	390,000	0	(125,000)	265,000	130,000
Term Bonds	7,255,000	0	0	7,255,000	0
Total School Improvement Bonds - 2020-2	7,645,000	0	(125,000)	7,520,000	130,000
School Improvement Refunding Bonds - 2020					
Serial Bonds	17,170,000	0	(305,000)	16,865,000	305,000
Capital Appreciation Bonds	6,332	0	0	6,332	0
Accretion on Capital Appreciation Bonds	18,602	28,644	0	47,246	0
Unamortized Premium	1,261,987	0	(90,142)	1,171,845	0
Total School Improvement Refunding Bonds - 2020	18,456,921	28,644	(395,142)	18,090,423	305,000
School Improvement Refunding Bonds - 2021-1					
Serial Bonds	18,695,000	0	(320,000)	18,375,000	320,000
Unamortized Premium	1,109,469	0	(55,474)	1,053,995	0
Total School Improvement Refunding Bonds - 2021-1	19,804,469	0	(375,474)	19,428,995	320,000
School Improvement Refunding Bonds - 2021-2					
Serial Bonds	3,200,000	0	(80,000)	3,120,000	275,000
Capital Appreciation Bonds	45,227	0	0	45,227	45,227
Accretion on Capital Appreciation Bonds	44,585	114,973	0	159,558	159,558
Unamortized Premium	206,213	0	(29,459)	176,754	0
Total School Improvement Refunding Bonds - 2021-2	3,496,025	114,973	(109,459)	3,501,539	479,785
Total General Obligation Bonds	70,011,418	512,884	(2,768,417)	67,755,885	2,514,785
Direct Borrowings:					
Financed Purchases - Buses	292,103	0	(94,814)	197,289	97,345
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	6,135,180	2,855,166	0	8,990,346	0
STRS	21,564,338	15,395,050	0	36,959,388	0
Total Net Pension Liability	27,699,518	18,250,216	0	45,949,734	0
Net OPEB Liability - SERS	3,251,422	0	(859,526)	2,391,896	0
Leases Payable	232,058	0	(107,771)	124,287	124,287
Compensated Absences	3,661,853	29,011	(154,749)	3,536,115	143,421
Total Other Long-Term Obligations	34,844,851	18,279,227	(1,122,046)	52,002,032	267,708
Total Governmental Activities	$105,148,372	$18,792,111	($3,985,277)	$119,955,206	$2,879,838

During fiscal year 2013, the School District issued $37,018,980 in school improvement and refunding general obligation bonds for the purpose of depositing into a construction fund for the School District's 2012 project and also to refund 2004 bonds and 2013 bonds. The general obligation bonds were issued for a 27 year period with a maturity date of December 1, 2041, and an interest rate of 2.00-17.22 percent. The bond issue includes serial, term, and capital appreciation bonds in the amounts of $18,370,000, $15,575,000, and $3,073,980, respectively. The bonds were issued at a premium of $2,640,465. The outstanding serial and term bonds were fully refunded during fiscal year 2022.

The capital appreciation bonds are being accreted annually until the point of maturity of the capital appreciation bonds, which is 2030. The maturity amount of outstanding capital appreciation bonds at June 30, 2023 is $8,510,000. The accretion recorded for fiscal year 2023 was $369,267, for a total outstanding bond liability of $4,575,500 at June 30, 2023.

During fiscal year 2015, the School District advance refunded portions of certain general obligation bonds issued in 2006 with a new general obligation bond issue. The School District issued $9,000,000 and $134,895 in serial and capital appreciation general obligation school refunding bonds, respectively, to provide resources to purchase U.S. government securities that were placed in escrow for the purpose of generating resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the financial statements. The final maturity stated on the issue is December 1, 2034.

During fiscal year 2017, the School District issued $7,730,000 in serial school improvement refunding bonds. The bond proceeds were used to retire the 2007 school improvement refunding and the 2006 school improvement bond. The bonds were issued with a premium of $988,859. Interest payments are due on June 1 and December 1 of each year. The final maturity stated on the issue is December 1, 2029.

During fiscal year 2021, the School District issued $1,830,000 and $7,855,000 in serial and term school improvement bonds, respectively. The bond proceeds were used for the purpose of improving school district buildings and facilities. The final maturity for these bonds are December 1, 2056.

Optional Redemption The bonds stated to mature on or after December 1, 2025, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of $5,000), on any date on or after December 1, 2024, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The bonds maturing on December 1, 2032 (the 2032 Term Bonds), December 1, 2034 (the 2034 Term Bonds), December 1, 2036 (the 2036 Term Bonds), December 1, 2038 (the 2038 Term Bonds), December 1, 2040 (the 2040 Term Bonds), December 1, 2042 (the 2042 Term Bonds), December 1, 2045 (the 2045 Term Bonds), December 1, 2050 (the 2050 Term Bonds), and December 1, 2056 (the 2056 Term Bonds, and, together with the 2032 Term Bonds, 2034 Term Bonds, 2036 Term Bonds, 2038 Term Bonds, 2040 Term Bonds, 2042 Term Bonds, 2045 Term Bonds and 2050 Term Bonds, collectively, the Term Bonds), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

	Issue								
Year	$450,000	$475,000	$505,000	$525,000	$545,000	$570,000	$900,000	$1,645,000	$2,240,000
2031	$220,000	$0	$0	$0	$0	$0	$0	$0	$0
2032	230,000	0	0	0	0	0	0	0	0
2033	0	235,000	0	0	0	0	0	0	0
2034	0	240,000	0	0	0	0	0	0	0
2035	0	0	250,000	0	0	0	0	0	0
2036	0	0	255,000	0	0	0	0	0	0
2037	0	0	0	260,000	0	0	0	0	0
2038	0	0	0	265,000	0	0	0	0	0
2039	0	0	0	0	270,000	0	0	0	0
2040	0	0	0	0	275,000	0	0	0	0
2041	0	0	0	0	0	280,000	0	0	0
2042	0	0	0	0	0	290,000	0	0	0
2043	0	0	0	0	0	0	295,000	0	0
2044	0	0	0	0	0	0	300,000	0	0
2045	0	0	0	0	0	0	305,000	0	0
2046	0	0	0	0	0	0	0	315,000	0
2047	0	0	0	0	0	0	0	320,000	0
2048	0	0	0	0	0	0	0	330,000	0
2049	0	0	0	0	0	0	0	335,000	0
2050	0	0	0	0	0	0	0	345,000	0
2051	0	0	0	0	0	0	0	0	350,000
2052	0	0	0	0	0	0	0	0	360,000
2053	0	0	0	0	0	0	0	0	370,000
2054	0	0	0	0	0	0	0	0	380,000
2055	0	0	0	0	0	0	0	0	385,000
2056	0	0	0	0	0	0	0	0	395,000
Total	$450,000	$475,000	$505,000	$525,000	$545,000	$570,000	$900,000	$1,645,000	$2,240,000
Stated Maturity	12/1/2032	12/1/2034	12/1/2036	12/1/2038	12/1/2040	12/1/2042	12/1/2045	12/1/2050	12/1/2056

During fiscal year 2021, the School District issued $460,000 and $7,255,000 in serial and term school improvement bonds, respectively. The bond proceeds were used for the purpose of improving school district buildings and facilities. The final maturity for these bonds are December 1, 2056.

Optional Redemption The bonds stated to mature on or after December 1, 2026, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of $5,000), on any date on or after December 1, 2024, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

Mandatory Sinking Fund Redemption The bonds maturing on December 1, 2026 (the 2026 Term Bonds), December 1, 2028 (the 2028 Term Bonds), December 1, 2030 (the 2030 Term Bonds), December 1, 2032 (the 2032 Term Bonds), December 1, 2034 (the 2034 Term Bonds), December 1, 2036 (the 2036 Term Bonds), December 1, 2038 (the 2038 Term Bonds), December 1, 2040 (the 2040 Term Bonds), December 1, 2042 (the 2042 Term Bonds), December 1, 2045 (the 2045 Term Bonds), December 1, 2050 (the 2050 Term Bonds), December 1, 2053 (the 2053 Term Bonds), and December 1, 2056 (the 2056 Term Bonds, and, together with the 2026 Term Bonds, 2028 Term Bonds, 2030 Term Bonds, 2032 Term Bonds, 2034 Term Bonds, 2036 Term Bonds, 2038 Term Bonds, 2040 Term Bonds, 2042 Term Bonds, 2045 Term Bonds, 2050 Term Bonds and 2053 Term Bonds collectively, the Term Bonds), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule:

	Issue												
Year	$280,000	$295,000	$315,000	$335,000	$355,000	$375,000	$395,000	$425,000	$445,000	$725,000	$1,360,000	$925,000	$1,025,000
2025	$140,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2026	140,000	0	0	0	0	0	0	0	0	0	0	0	0
2027	0	145,000	0	0	0	0	0	0	0	0	0	0	0
2028	0	150,000	0	0	0	0	0	0	0	0	0	0	0
2029	0	0	155,000	0	0	0	0	0	0	0	0	0	0
2030	0	0	160,000	0	0	0	0	0	0	0	0	0	0
2031	0	0	0	165,000	0	0	0	0	0	0	0	0	0
2032	0	0	0	170,000	0	0	0	0	0	0	0	0	0
2033	0	0	0	0	175,000	0	0	0	0	0	0	0	0
2034	0	0	0	0	180,000	0	0	0	0	0	0	0	0
2035	0	0	0	0	0	185,000	0	0	0	0	0	0	0
2036	0	0	0	0	0	190,000	0	0	0	0	0	0	0
2037	0	0	0	0	0	0	195,000	0	0	0	0	0	0
2038	0	0	0	0	0	0	200,000	0	0	0	0	0	0
2039	0	0	0	0	0	0	0	210,000	0	0	0	0	0
2040	0	0	0	0	0	0	0	215,000	0	0	0	0	0
2041	0	0	0	0	0	0	0	0	220,000	0	0	0	0
2042	0	0	0	0	0	0	0	0	225,000	0	0	0	0
2043	0	0	0	0	0	0	0	0	0	235,000	0	0	0
2044	0	0	0	0	0	0	0	0	0	240,000	0	0	0
2045	0	0	0	0	0	0	0	0	0	250,000	0	0	0
2046	0	0	0	0	0	0	0	0	0	0	255,000	0	0
2047	0	0	0	0	0	0	0	0	0	0	265,000	0	0
2048	0	0	0	0	0	0	0	0	0	0	270,000	0	0
2049	0	0	0	0	0	0	0	0	0	0	280,000	0	0
2050	0	0	0	0	0	0	0	0	0	0	290,000	0	0
2051	0	0	0	0	0	0	0	0	0	0	0	295,000	0
2052	0	0	0	0	0	0	0	0	0	0	0	310,000	0
2053	0	0	0	0	0	0	0	0	0	0	0	320,000	0
2054	0	0	0	0	0	0	0	0	0	0	0	0	335,000
2055	0	0	0	0	0	0	0	0	0	0	0	0	340,000
2056	0	0	0	0	0	0	0	0	0	0	0	0	350,000
Total	$280,000	$295,000	$315,000	$335,000	$355,000	$375,000	$395,000	$425,000	$445,000	$725,000	$1,360,000	$925,000	$1,025,000
Stated Maturity	12/1/2026	12/1/2028	12/1/2030	12/1/2032	12/1/2034	12/1/2036	12/1/2038	12/1/2040	12/1/2042	12/1/2045	12/1/2050	12/1/2053	12/1/2056

During fiscal year 2021, the School District issued $17,745,000 and $6,332 in serial and capital appreciation school improvement refunding bonds, respectively. The bond proceeds were used to partially retire the 2013 school improvement refunding and the 2014 school improvement refunding bonds. The bonds were issued with a premium of $1,436,637. Interest payments are due on June 1 and December 1 of each year. The final maturity stated on the issue is December 1, 2035.

The capital appreciation bonds are being accreted annually until the point of maturity of the capital appreciation bonds, which is 2029. The maturity amount of outstanding capital appreciation bonds at June 30, 2023 is $1,645,000. The accretion recorded for fiscal year 2023 was $28,644, for a total outstanding bond liability of $53,578 at June 30, 2023.

During fiscal year 2022, the School District issued $18,890,000 in serial school improvement refunding bonds. The bond proceeds were used to partially retire the 2013 school improvement bonds. The bonds were issued with a premium of $1,164,942. Interest payments are due on June 1 and December 1 of each year. The final maturity stated on the issue is December 1, 2041. Proceeds of $19,826,602 were deposited in an irrevocable trust with an escrow agent to provide for partial future debt payments on the 2013 school improvement bonds. As a result, $20,553,604 of the 2013 school improvement bonds was considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. At June 30, 2023, $19,290,000 of the refunded bonds remain outstanding.

During fiscal year 2022, the School District issued $3,250,000 in serial and $45,227 in capital appreciation bonds of school improvement refunding bonds, respectively. The bond proceeds were used to partially retire the 2014 school improvement refunding bonds. The bonds were issued with a premium of $235,672. Interest payments are due on June 1 and December 1 of each year. The final maturity stated on the issue is December 1, 2028. Proceeds of $3,474,526 were deposited in an irrevocable trust with an escrow agent to provide for partial future debt payments on the 2014 school improvement refunding bonds. As a result, $3,496,255 of the 2014 school improvement refunding bonds was considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements. At June 30, 2023, $3,300,000 of the refunded bonds remain outstanding.

The capital appreciation bonds are being accreted annually until the point of maturity of the capital appreciation bonds, which is 2023. The maturity amount of outstanding capital appreciation bonds at June 30, 2023 is $285,000. The accretion recorded for fiscal year 2023 was $114,973, for a total outstanding bond liability of $204,785 at June 30, 2023.

On May 10, 2018, the School District entered into a financed purchase agreement from direct borrowing in the amount of $359,437 for buses. Interest payments on the outstanding principal are due annual at the rate of 3.31 percent. The final maturity for the lease is April 1, 2022. In the event of default, as defined by the lease agreement, the Lessor has the right to exercise all rights and remedies noted within the agreement, including but not limited to, the rights to declare all sums due during the School District's current fiscal period and/or take possession of the buses.

On March 23, 2020, the School District entered into a financed purchase agreement from direct borrowing in the amount of $381,748 for buses. Interest payments on the outstanding principal are due annual at the rate of 2.67 percent. The final maturity for the lease is July 1, 2024. In the event of default, as defined by the lease agreement, the Lessor has the right to exercise all rights and remedies noted within the agreement, including but not limited to, the rights to declare all sums due during the School District's current fiscal period and/or take possession of the buses.

The School District's overall debt margin was $42,625,961 with an unvoted debt margin of $1,119,405 at June 30, 2023. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2023, are as follows:

	General Obligation Bonds						Direct Borrowings	
	Serial Bonds		Term Bonds		Capital Appreciation Bonds		Financed Purchases	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$1,820,000	$1,428,740	$0	$0	$393,024	$381,976	$97,345	$5,268
2025	1,850,000	1,394,418	0	0	594,476	295,525	99,944	2,668
2026	1,835,000	1,141,236	140,000	218,394	555,643	319,358	0	0
2027	1,505,000	1,103,321	140,000	214,194	467,493	717,507	0	0
2028	1,585,000	1,062,045	145,000	209,919	72,423	1,162,578	0	0
2029-2033	10,420,000	4,244,810	1,250,000	1,338,019	247,099	4,732,898	0	0
2034-2038	14,100,000	2,325,228	2,165,000	1,631,544	0	0	0	0
2039-2043	11,800,000	534,351	2,450,000	1,340,850	0	0	0	0
2044-2048	0	0	2,780,000	1,008,075	0	0	0	0
2049-2053	0	0	3,165,000	618,019	0	0	0	0
2054-2057	0	0	2,875,000	145,114	0	0	0	0
Total	$44,915,000	$13,234,149	$15,110,000	$6,724,128	$2,330,158	$7,609,842	$197,289	$7,936

The bonds payable, direct borrowings, leases payable will be repaid from the debt service fund, permanent improvement fund, and general fund, respectively. The compensated absences will be repaid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net pension liability and net OPEB liability, see Notes 21 and 22.

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. This lease will be paid from the general fund. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2024	$124,287	$13,941

Note 13 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Administrative and Exempt employees earn twenty to thirty days of vacation per fiscal year, depending upon their contact type. Accumulated, unused vacation time is paid to administrative employees at the end of each contract year, depending upon negotiated agreements, or upon termination of employment. Classified employees working 260 days per year earn ten to thirty days of vacation. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire receive a severance benefit upon retirement limited to what is specified in the respective employment agreements.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees from MetLife Insurance Company through the Ohio School Council.

Note 14 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for their insurance needs. The plan covered a liability aggregate limit of $17,000,000. Vehicles were covered at a $15,000,000 combined single limit liability.

In lieu of performance bond, the Treasurer is covered under the district's liability policy for crime coverage. The Board of Education passed a resolution to allow this change in January 2023.

Type of Coverage	Coverage Amount
Property	$350,000,000
Accounts Receivable	1,000,000
Flood and Earthquake	10,000,000
Extra Expenses	2,500,000
Employee Theft	1,000,000
Forgery	1,000,000
Computer Fraud	1,000,000
Funds Transfer Fraud	1,000,000
Theft of Monies	1,000,000
Social Engineering Fraud	1,000,000
General Liability	15,000,000
Employers Liability	15,000,000
Educational Legal Liability	15,000,000
Fleet	15,000,000

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

Workers' Compensation

The School District participates in the Ohio Bureau of Workers' Compensation (BWC). During fiscal year 2023, the School District was involved with Sedgwick Managed Care Ohio, formerly Comp Management Health Systems, for both Third Party Administrator and Managed Care Organization services.

Employee Medical Benefits

The School District participates in the Great Lakes Council of Governments (the Council), to process and pay health benefit claims incurred by its members. The Council contracted with a third party administrator, Medical Mutual Services, LLC for the year ended June 30, 2023. Payments are made by members to the Council for monthly health insurance premiums, monthly stop-loss premiums, and administrative charges. The Fiscal Officer approves monthly payments to the third party administrators for actual insurance claims processed, stop–loss premiums and administrative charges incurred on behalf of the Council members. If the members aggregate contributions less expenses cause it to have a negative cash balance, the Council shall direct the Fiscal Agent to promptly notify in writing each member of any additional funds necessary to correct the deficiency. Whereupon each Member shall appropriate (pursuant to Chapter 5705 of the Revised Code) the amount stated in that notice and remit the same to the Fiscal Agent within the time periods determined by the Council. The Council employs reinsurance agreements (stop-loss coverage) to reduce its risk that large losses may be incurred on medical claims. This allows the Council to recover a portion of losses on claims from re-insurers, although it does not discharge their primary liability.

The claims liability of $775,615 reported in the fund at June 30, 2023, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30 "Risk Financing Omnibus," which requires that a liability for unpaid claims cost, including estimate of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expense and does not include other allocated or unallocated claim adjustment expenses. Management's expectation is the claims liabilities will be paid within one year.

Changes in claims activity for fiscal years ended June 30, 2022 and 2023 are as follows:

Fiscal Year	Beginning Balance	Current Year Claims	Claim Payments	Ending Balance
2022	$751,393	$8,518,038	$8,427,309	$842,122
2023	842,122	8,724,085	8,790,592	775,615

Note 15 – Contingencies

Grants

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

Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

School Foundation

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

Note 16 – Jointly Governed Organizations

Connect

Connect, is a jointly governed computer service bureau known as an Information Technology Center (ITC) that was formed for the purpose of providing data services to its members. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. The Education Service Center of Cuyahoga County continues to serve as the fiscal agent of Connect. Participating school districts pay for services provided by the ITC based upon a per pupil charge dependent upon the software packages and services used. In fiscal year 2023, the School District paid $133,753 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. Its Board of Education consists of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and financing related activities. Avon Local School District students may attend the vocational school. Each school district's control is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Lorain County Joint Vocational School District located at 15181 State Route 58, Oberlin, Ohio 44074.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among eighty-three school districts. The Council was formed to offer supplies and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee for the services provided. The Council's Board consists of seven superintendents of the participating districts whose term rotates every fiscal year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2023, the School District paid $98,016 for participation in the prepaid natural gas program.

The School District participates in the Council's electric purchase program. The Council provides over 250 school districts in the Ohio Edison, The Illuminating Company, Toledo Edison, Duke Energy and AEP Ohio Power service areas the ability to purchase electricity at reduced rates. The Council's current program, Power 4 Schools, provides for a fixed per kilowatt-hour for electricity generation until December 2023.

The School District participates in the Council's prepaid natural gas program which was implemented during fiscal year 2011. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued $89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs. Financial information can be obtained by contacting the Executive Secretary at the Ohio Schools Council at 6133 Rockside Road, Independence, Ohio 44131.

Great Lakes Council of Governments

The School District participates in the Great Lakes Regional Council of Governments (COG), a claims servicing pool as defined by Government Accounting Standards Board Statement No. 10 as amended by GASB statement 30. The Great Lakes Council of Governments, (the Council) 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 as defined by Chapter 167 of the Ohio Revised Code. It was formed to carry out a cooperative program for the provisions and administration of health care benefits for member employees in accordance with the Council-bylaws. The Council is directed by a Governing Board, consisting of the Superintendents or designee of the participating school districts. As of June 30, 2023, there were seven participating members of the Council. The Council is committed to providing its members districts with advantages of a large buying cooperative, while maintaining control by the local district leadership. Underwriting considerations are of utmost importance in reviewing new membership applications, as the Council is committed to protecting the long-term financial interests of its core members and will not admit a new member that will adversely impact premiums and claims payments. Members pay monthly premiums (program costs) from which eligible claims are paid for member employees and their covered dependents. Claims are paid for all participants regardless of claims flow. The Board of Directors annually estimate and set the amount of funds necessary in order to have funds available to pay all claims which could be made under the Health Benefits Plan by covered persons which would not be paid aggregate and specific stop-loss insurance coverages and said amounts will be place in a reserve fund. If the members aggregate contributions less expense cause it to have a negative cash balance, the Council shall direct the Fiscal Agent to promptly notify in writing each member of any additional funds necessary to correct the deficiency. Whereupon each Member shall appropriate (pursuant to Chapter 5705 of the Revised Code) the amount stated in that notice and remit the same to the Fiscal Agent within the time periods determined by the Council. The Council employs reinsurance agreements (stop-loss coverage) to reduce risk that large losses may be incurred on medical claims. This allows the Council to recover a portion of losses on claims from reinsurers. The School District is the fiscal agent for the COG. The COG activity is accounted for in a custodial fund. The Council issues its own financial statements. Fiscal information can be obtained by contacting the Treasurer of the Berea City School District, Great Lakes Council of Governments, 390 Fair Street, Berea, Ohio 44017.

Note 17 – Public Entity Risk Pool

The School District 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 18 – 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 fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal 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 acquisitions. Disclosure of this information is required by State statute.

	Capital Improvement
Set-aside Balances as of June 30, 2022	$0
Current Year Set-aside Requirement	978,524
Offsets	(1,274,508)
Totals	($295,984)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-aside Balance as of June 30, 2023	$0

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

Note 19 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2023, consisted of an interfund payable from the special revenue fund Title VI-B to the general fund.

The advance from the general fund to the special revenue fund was made to support the activity of that fund due to the timing of grant collections. The balance is anticipated to be repaid within one year.

Interfund Transfers

The School District had a transfer of $998,852 from the general fund to the permanent improvement capital projects fund during fiscal year 2023. The transfer was to help provide funding for capital improvements.

Note 20 – Significant Commitments

Contractual Commitments

The School District had outstanding contractual commitments for renovations and improvements as follows:

	Contractual Commitment	Expended	Balance at 6/30/2023
Dunlop & Johnston	$17,690,683	$17,655,882	$34,801
RJ Kirkland Construction	2,064,489	646,113	1,418,376
FieldTurf	1,255,759	301,462	954,297

The remaining commitments were encumbered at year-end. The amounts of $1,215,421 and $135,134 in contracts and retainage payables have been capitalized, respectively.

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 fiscal year were as follows:

General	$34,059
Other Governmental Funds	2,838,293
Total	$2,872,352

Note 21 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include 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 health care to eligible benefit recipients.

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contribution to SERS was $960,732 for fiscal year 2023. Of this amount, $141,368 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

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

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

The School District's contractually required contribution to STRS was $3,228,641 for fiscal year 2023. Of this amount, $482,050 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.16621771%	0.16625811%	
Prior Measurement Date	0.16627810%	0.16865719%	
Change in Proportionate Share	-0.00006039%	-0.00239908%	
Proportionate Share of the Net Pension Liability	$8,990,346	$36,959,388	$45,949,734
Pension Expense	$386,821	$4,837,827	$5,224,648

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$364,117	$473,128	$837,245
Changes of assumptions	88,709	4,422,929	4,511,638
Net difference between projected and actual earnings on pension plan investments	0	1,286,106	1,286,106
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,289	753,712	755,001
School District contributions subsequent to the measurement date	960,732	3,228,641	4,189,373
Total Deferred Outflows of Resources	$1,414,847	$10,164,516	$11,579,363
Deferred Inflows of Resources			
Differences between expected and actual experience	$59,019	$141,382	$200,401
Changes of assumptions	0	3,329,194	3,329,194
Net difference between projected and actual earnings on pension plan investments	313,722	0	313,722
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	29,051	493,750	522,801
Total Deferred Inflows of Resources	$401,792	$3,964,326	$4,366,118

$4,189,373 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$8,780	$341,110	$349,890
2025	(29,654)	(40,569)	(70,223)
2026	(448,158)	(1,077,275)	(1,525,433)
2027	521,355	3,748,283	4,269,638
Total	$52,323	$2,971,549	$3,023,872

Actuarial Assumptions – SERS

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

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

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

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

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

Mortality rates were based on the PUB-2010 General Employee Amount 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$13,233,361	$8,990,346	$5,415,665

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$55,832,179	$36,959,388	$20,998,848

Note 22 – Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $127,818.

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 $127,818 for fiscal year 2023, which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.17036168%	0.16625811%	
Prior Measurement Date	0.17179820%	0.16865719%	
Change in Proportionate Share	-0.00143652%	-0.00239908%	
Proportionate Share of the:			
Net OPEB Liability	$2,391,896	$0	$2,391,896
Net OPEB (Asset)	$0	($4,304,977)	($4,304,977)
OPEB Expense	($129,081)	($732,550)	($861,631)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$20,107	$62,407	$82,514
Changes of assumptions	380,462	183,377	563,839
Net difference between projected and actual earnings on OPEB plan investments	12,432	74,939	87,371
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	135,210	111,250	246,460
School District contributions subsequent to the measurement date	127,818	0	127,818
Total Deferred Outflows of Resources	$676,029	$431,973	$1,108,002
Deferred Inflows of Resources			
Differences between expected and actual experience	$1,530,032	$646,525	$2,176,557
Changes of assumptions	981,891	3,052,642	4,034,533
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	151,755	6,766	158,521
Total Deferred Inflows of Resources	$2,663,678	$3,705,933	$6,369,611

$127,818 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($446,751)	($944,152)	($1,390,903)
2025	(451,394)	(922,353)	(1,373,747)
2026	(421,642)	(456,408)	(878,050)
2027	(295,349)	(190,916)	(486,265)
2028	(199,823)	(251,109)	(450,932)
Thereafter	(300,508)	(509,022)	(809,530)
Total	($2,115,467)	($3,273,960)	($5,389,427)

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years. The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 21.

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	$2,970,771	$2,391,896	$1,924,586

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$1,844,581	$2,391,896	$3,106,778

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021, actuarial valuation are presented as follows:

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	($3,979,837)	($4,304,977)	($4,583,485)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	($4,465,307)	($4,304,977)	($4,102,597)

Note 23 – COVID-19

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

Required Supplementary Information

Avon Local School District

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

	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.16621771%	0.16627810%	0.16838068%
School District's Proportionate Share of the Net Pension Liability	$8,990,346	$6,135,180	$11,137,054
School District's Covered Payroll	$6,263,607	$5,764,129	$5,852,714
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.53%	106.44%	190.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
0.17027610%	0.16290530%	0.15980040%	0.15639830%	0.14782200%	0.14687600%	0.14687600%
$10,187,918	$9,329,888	$9,547,721	$11,446,912	$8,434,867	$7,433,311	$8,734,244
$5,933,578	$5,546,193	$5,298,207	$5,290,686	$6,133,991	$4,130,512	$3,946,040
171.70%	168.22%	180.21%	216.36%	137.51%	179.96%	221.34%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Avon Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Ten Fiscal Years **

	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.16625811%	0.16865719%	0.16614218%
School District's Proportionate Share of the Net Pension Liability	$36,959,388	$21,564,338	$40,200,496
School District's Covered Payroll	$21,653,621	$21,294,964	$20,628,564
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	170.68%	101.26%	194.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
0.16252726%	0.15823177%	0.15043827%	0.15132353%	0.14470975%	0.14056987%	0.14056987%
$35,941,927	$34,791,613	$35,736,933	$50,652,547	$39,993,542	$34,191,457	$40,728,640
$18,982,471	$18,318,543	$16,337,129	$15,095,921	$15,912,014	$14,636,462	$13,911,054
189.34%	189.93%	218.75%	335.54%	251.34%	233.60%	292.78%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Avon Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Seven Fiscal Years (1) **

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.17036168%	0.17179820%	0.17550565%
School District's Proportionate Share of the Net OPEB Liability	$2,391,896	$3,251,422	$3,814,311
School District's Covered Payroll	$6,263,607	$5,764,129	$5,852,714
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.19%	56.41%	65.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(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 fiscal 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

2020	2019	2018	2017
0.17462930%	0.16582860%	0.16263580%	0.15835890%
$4,391,560	$4,600,533	$4,364,718	$4,513,815
$5,933,578	$5,546,193	$5,298,207	$5,290,686
74.01%	82.95%	82.38%	85.32%
15.57%	13.57%	12.46%	11.49%

Avon Local School District

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

	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.16625811%	0.16865719%	0.16614218%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($4,304,977)	($3,555,999)	($2,919,938)
School District's Covered Payroll	$21,653,621	$21,294,964	$20,628,564
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-19.88%	-16.70%	-14.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(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 fiscal 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

2020	2019	2018	2017
0.16252726%	0.15823177%	0.15043827%	0.15132353%
($2,691,837)	($2,542,623)	$5,869,546	$8,092,822
$18,982,471	$18,318,543	$16,337,129	$15,095,921
-14.18%	-13.88%	35.93%	53.61%
174.70%	176.00%	47.10%	37.30%

Avon Local School District

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

	2023	2022	2021
Net Pension Liability:			
Contractually Required Contribution	$960,732	$876,905	$806,978
Contributions in Relation to the Contractually Required Contribution	(960,732)	(876,905)	(806,978)
Contribution Deficiency (Excess)	$0	$0	$0
School District Covered Payroll (1)	$6,862,371	$6,263,607	$5,764,129
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability:			
Contractually Required Contribution (2)	$127,818	$113,315	$111,952
Contributions in Relation to the Contractually Required Contribution	(127,818)	(113,315)	(111,952)
Contribution Deficiency (Excess)	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.86%	1.81%	1.94%
Total Contributions as a Percentage of Covered Payroll (2)	15.86%	15.81%	15.94%

(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

2020	2019	2018	2017	2016	2015	2014
$819,380	$801,033	$748,736	$741,749	$740,696	$808,460	$572,489
(819,380)	(801,033)	(748,736)	(741,749)	(740,696)	(808,460)	(572,489)
$0	$0	$0	$0	$0	$0	$0
$5,852,714	$5,933,578	$5,546,193	$5,298,207	$5,290,686	$6,133,991	$4,130,512
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
$116,425	$136,864	$119,812	$90,839	$79,557	$32,684	$5,783
(116,425)	(136,864)	(119,812)	(90,839)	(79,557)	(32,684)	(5,783)
$0	$0	$0	$0	$0	$0	$0
1.99%	2.31%	2.16%	1.71%	1.50%	0.53%	0.14%
15.99%	15.81%	15.66%	15.71%	15.50%	13.71%	14.00%

Avon Local School District

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

	2023	2022	2021
Net Pension Liability:			
Contractually Required Contribution	$3,228,641	$3,031,507	$2,981,295
Contributions in Relation to the Contractually Required Contribution	(3,228,641)	(3,031,507)	(2,981,295)
Contribution Deficiency (Excess)	$0	$0	$0
School District Covered Payroll (1)	$23,061,721	$21,653,621	$21,294,964
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%
Net OPEB Liability (Asset):			
Contractually Required Contribution	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
$2,887,999	$2,657,546	$2,564,596	$2,287,198	$2,113,429	$2,227,682	$1,902,740
(2,887,999)	(2,657,546)	(2,564,596)	(2,287,198)	(2,113,429)	(2,227,682)	(1,902,740)
$0	$0	$0	$0	$0	$0	$0
$20,628,564	$18,982,471	$18,318,543	$16,337,129	$15,095,921	$15,912,014	$14,636,462
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$0	$0	$146,365
0	0	0	0	0	0	(146,365)
$0	$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Changes in Assumptions – STRS

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

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

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

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

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

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

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

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

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements were scheduled to 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 were scheduled to 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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AVON LOCAL SCHOOL DISTRICT
LORAIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 158,354
National School Lunch Program	10.555	934,999
COVID-19 National School Lunch Program	10.555	196,048
National School Lunch Program - Non-Cash	10.555	17,251
Total Child Nutrition Cluster		1,306,652
Total U.S. Department of Agriculture		**1,306,652**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Education Agencies - 2022	84.010A	36,283
Title I Grants to Local Education Agencies - 2023	84.010A	200,695
Title I Expanding Opportunities for Each Child - 2022	84.010A	9,056
Total Title I Grants to Local Education Agencies		246,034
Special Education Cluster (IDEA):		
Special Education - Grant to States (IDEA, Part B) - 2022	84.027A	151,554
Special Education - Grant to States (IDEA, Part B) - 2023	84.027A	872,319
Total Special Education Grants to States (IDEA, Part B)		1,023,873
COVID-19 Special Education - ARP Grants to States (IDEA, Part B) - 2023	84.027X	108,000
Total COVID-19 Special Education - ARP Grants to States (IDEA, Part B)		108,000
Special Education - Pre-School Grants (IDEA Preschool) - 2022	84.173A	34,158
Total Special Education - Pre-School Grants (IDEA Preschool)		34,158
Total Special Education Cluster (IDEA)		1,166,031
Title II, Part A, Supporting Effective Instruction State Grants - 2022	84.367A	6,282
Title II, Part A, Supporting Effective Instruction State Grants - 2023	84.367A	38,637
Total Title II, Part A, Supporting Effective Instruction State Grants		44,919
Student Support and Academic Enrichment Program - 2023	84.424A	13,153
Total Student Support and Academic Enrichment Program		13,153
English Language Acquisition State Grants - 2023	84.365A	26,168
Total English Language Acquisition State Grants		26,168
COVID-19 Education Stabilization Fund:		
COVID-19 Elementary and Secondary Emergency Relief Fund I – 2022	84.425D	200
COVID-19 Elementary and Secondary Emergency Relief Fund II – 2023	84.425D	2,589
COVID-19 Elementary and Secondary Emergency Relief Fund II State Activity Supplement	84.425D	619,840
COVID-19 American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER) - 2022	84.425U	157,811
COVID-19 American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER) - 2023	84.425U	729,844
COVID-19 American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER State Activity Supplement)	84.425U	305,677
COVID-19 American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER Reaching All Students)	84.425U	1,178
Total COVID-19 Education Stabilization Fund		1,817,139
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth:		
COVID-19 American Recovery Plan - Homeless round II - 2023	84.425W	2,251
Total COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth		2,251
Total U.S. Department of Education		**3,315,695**
U.S. DEPARTMENT OF TREASURY		
Passed Through State of Ohio		
COVID-19 Ohio K-12 School Safety Grant Program	21.027	70,912
		70,912
Total U.S. Department of Treasury		**70,912**
Total Expenditures of Federal Awards		**$ 4,693,259**

The accompanying notes are an integral part of this schedule.

AVON LOCAL SCHOOL DISTRICT
LORAIN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2023 to 2024 programs:

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)**

Program Title	AL Number	Amount Transferred
Title I Grants to Local Education Agencies	84.010A	$ 2,784
Title II, Part A, Supporting Effective Instruction	84.367A	$ 56,262
Student Support and Academic Enrichment Program	84.424A	$ 4,754
English Language Acquisition State Grants	83.365A	$ 971
COVID-19 Elementary and Secondary Emergency Relief Fund (ARP ESSER State Activity Supplement)	84.425D	$164,594
COVID-19-American Recovery Plan – Elementary and Secondary Schools Emergency Relief (ARP ESSER) – 2023	84.425U	$183,000
COVID-19-American Recovery Plan – Elementary and Secondary Schools Emergency Relief (ARP ESSER Reaching All Students)	84.425U	$198,205
COVID-19 American Recovery Plan – Homeless round II - 2023	84.425W	$ 3,742

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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*

Avon Local School District
Lorain County
36600 Detroit Road
Avon, Ohio 44011

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, the major fund, and the aggregate remaining fund information of the Avon Local School District, Lorain County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

Avon Local School District
Lorain County
36600 Detroit Road
Avon, Ohio 44011

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Avon Local School District's, Lorain County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Avon Local School District's major federal program for the year ended June 30, 2023. Avon 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, Avon Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

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AVON LOCAL SCHOOL DISTRICT
LORAIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Education Stabilization Fund, AL #84.425
(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 FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

AVON LOCAL SCHOOL DISTRICT

LORAIN 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 3/28/2024

88 East Broad Street, Columbus, Ohio 43215
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