



OHIO AUDITOR OF STATE  
**KEITH FABER**





**GENEVA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY  
JUNE 30, 2022**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities .....	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund .....	22
Statement of Fund Net Position	
Internal Service Fund .....	23
Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Fund .....	24
Statement of Cash Flows	
Internal Service Fund .....	25
Statement of Fiduciary Net Position	
Custodial Fund .....	26
Statement of Changes in Fiduciary Net Position Custodial Fund .....	27
Notes to the Basic Financial Statements .....	28

**GENEVA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY  
JUNE 30, 2022**

**TABLE OF CONTENTS  
(CONTINUED)**

<b>TITLE</b>	<b>PAGE</b>
Prepared by Management:	
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability – Last Nine Fiscal Years .....	72
Schedule of School District Contributions – Pension - Last Ten Fiscal Years.....	74
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) – Last Six Fiscal Years .....	76
Schedule of School District Contributions – OPEB - Last Ten Fiscal Years.....	78
Notes to Required Supplementary Information .....	80
Schedule of Expenditures of Federal Awards .....	81
Notes to the Schedule of Expenditures of Federal Awards.....	82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	83
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.....	85
Schedule of Findings.....	89

# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

Geneva Area City School District  
Ashtabula County  
135 South Eagle Street  
Geneva, Ohio 44041

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Geneva Area City School District, Ashtabula County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Geneva Area City School District, Ashtabula County, Ohio as of June 30, 2022, 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.

#### **Emphasis of Matter**

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 23, 2023

**This Page Intentionally Left Blank**



**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
*Unaudited*

---

As management of the Geneva Area City School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

- General revenues accounted for about \$25.1 million in revenue or 77.5% of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for about \$7.3 million or 22.5% of total governmental revenues of \$32.3 million.
- The School District had \$27.0 million in expenses related to governmental activities; but \$7.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and grants and entitlements not restricted to specific programs) of \$25.1 million were adequate to provide for these programs, resulting in an increase in net position of \$5,339,911 or 15.1%.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$16.3 million, an increase of \$3,385,307 from the prior year.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise four components: (1) government-wide statements, (2) fund financial statements, (3) notes to the basic financial statements and (4) required supplementary information.

**Government-wide Financial Statements** The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The School District's statement of activities prepared on an accrual basis of accounting includes an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and the net OPEB liability or asset not accounted for as deferred inflows/outflows.

**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
*Unaudited*

---

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the School District include instruction, supporting service, operation of non-instructional services, extracurricular activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 16-17 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The School District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

**Governmental Funds** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 governmental 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 difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The basic fund financial statements can be found on pages 18-22 of this report.

**Proprietary Fund** The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. More specifically, the internal service fund accounts for self-insurance of their employee's dental plan. The proprietary fund uses the accrual basis of accounting. The proprietary fund financial statements can be found on pages 23-25 of this report

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 26-27 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found starting on page 28 of this report.

**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
Unaudited

---

**Government-wide Financial Analysis**

Recall that the statement of net position provides the perspective of the School District as a whole. A comparative analysis is presented below.

Net Position

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
<b>Assets:</b>		
Current and other assets	\$ 28,795,599	\$ 26,552,820
Net OPEB asset	1,804,930	1,490,389
Capital assets, net of depreciation	<u>56,589,262</u>	<u>58,261,954</u>
Total assets	<u>87,189,791</u>	<u>86,305,163</u>
<b>Deferred outflows of resources:</b>		
Pension	5,776,655	4,420,369
OPEB	<u>662,865</u>	<u>648,368</u>
Total deferred outflows of resources	<u>6,439,520</u>	<u>5,068,737</u>
<b>Liabilities:</b>		
Current liabilities	3,211,590	3,022,097
Long-term liabilities:		
Due within one year	1,256,352	1,262,036
Due in more than one year:		
Net pension liability	13,802,923	25,329,262
Net OPEB liability	1,506,554	1,648,667
Other amounts due in more than one year	<u>10,453,221</u>	<u>11,455,168</u>
Total liabilities	<u>30,230,640</u>	<u>42,717,230</u>
<b>Deferred inflows of resources:</b>		
Property taxes	7,753,030	9,118,353
Pension	11,851,644	1,349,418
OPEB	<u>3,027,433</u>	<u>2,762,246</u>
Total deferred inflows of resources	<u>22,632,107</u>	<u>13,230,017</u>
<b>Net Position:</b>		
Net investment in capital assets	46,652,620	47,275,087
Restricted net position	7,797,147	7,372,996
Unrestricted net position	<u>(13,683,203)</u>	<u>(19,221,430)</u>
Total net position	<u>\$ 40,766,564</u>	<u>\$ 35,426,653</u>

**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
*Unaudited*

---

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. During fiscal year 2022, the School District had an increase in net position of \$5,339,911.

A portion of the School District's net position, \$46.7 million, reflects its investment in capital assets (e.g., land, buildings and improvements, land improvements, furniture, fixtures and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the School District's net position, \$7.8 million, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted net position, \$1.7 million, or 21.9%, is restricted for debt service payments; \$3.2 million, or 40.6%, is restricted for capital projects; and \$2.9 million or 37.5%, is restricted for other purposes. The remaining significant balance of government-wide unrestricted net position happens to be a deficit balance of \$(13.7) million.

The net pension liability is the largest single liability reported by the School District at June 30, 2022.

This space is intentionally left blank.

**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
Unaudited

The table below shows the change in net position for fiscal years 2022 and 2021.

	Changes in Net Position	
	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 1,298,850	\$ 1,987,805
Operating grants and contributions	5,983,612	4,650,848
Capital grants and contributions	-	40,481
General revenues:		
Property taxes	8,663,789	8,377,264
Income taxes	4,279,224	3,677,158
Grants and entitlements	12,365,801	12,370,024
Investment earnings	(463,664)	24,677
Payments in lieu of taxes	197,208	197,208
Miscellaneous	11,995	7,645
Gain on sale of capital assets	-	4,000
Total revenues	<u>32,336,815</u>	<u>31,337,110</u>
<b>Expenses</b>		
Instruction:		
Regular	11,018,532	12,189,055
Special	4,624,630	5,156,941
Vocational	236,188	238,551
Other	346,935	1,789,476
Support services:		
Pupils	1,382,756	1,512,361
Instructional staff	264,018	183,035
Board of education	22,178	26,039
Administration	2,061,508	1,857,021
Fiscal	670,065	639,332
Business	53,918	57,862
Operation and maintenance of plant	2,836,727	2,972,019
Pupil transportation	1,144,566	1,112,978
Central	48,091	52,162
Operation of non-instructional services:		
Food service operations	1,126,605	996,930
Community services	197,055	48,486
Extracurricular activities	693,272	689,167
Fiscal and interest charges	269,860	295,259
Total expenses	<u>26,996,904</u>	<u>29,816,674</u>
Increase (decrease) in net position	5,339,911	1,520,436
Net position at beginning of year	<u>35,426,653</u>	<u>33,906,217</u>
Net position at end of year	<u>\$ 40,766,564</u>	<u>\$ 35,426,653</u>

***Governmental Activities***

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated approximately \$8.7 million in 2022. General revenues from grants and entitlements, such as the school foundation program, generated about \$12.4 million. With the combination of property taxes and intergovernmental funding 65.0% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of the above table reflects the total cost of instructional services was \$16,226,285 or 60.1% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. These expenses decreased \$3,147,738, or 16.25% as compared to the prior year. For fiscal year 2022, all areas of program expenses show a significant increase due to the change in the net pension and net OPEB liabilities.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$1,646,774, or 6.1% of the total governmental program expenses. Expenses to provide these programs decreased \$48,622 or 2.9%, as compared to fiscal year 2021.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost to provide these programs was \$2,807,669, or 10.4% of governmental program expenses. Costs of these programs increased \$227,415 or 8.8%, as compared to the prior year.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$2,836,727, or 10.5% of the governmental program expenses. These expenses decreased \$135,292, or 4.6% as compared to fiscal year 2021. Expenses of this program increased as costs associated with non-capital related building and construction costs decreased.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,144,566 or 4.2% of the total governmental program expenses. Expenses for providing this program increased \$31,588, or 2.8% as compared to the prior year. The primary cause of this decrease was due to decreases in busing related expenses.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
Unaudited

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in pension expense for the fiscal year which have a negative effect on net position. In addition, the School District is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to OPEB, which have a positive impact on net position. The increase and decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability or asset that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the School District's net position, additional information is presented below.

	<u>2022</u>	<u>2021</u>
Deferred outflows - pension	\$ 5,776,655	\$ 4,420,369
Deferred outflows - OPEB	662,865	648,368
Deferred inflows - pension	(11,851,644)	(1,349,418)
Deferred inflows - OPEB	(3,027,433)	(2,762,246)
Net pension liability	(13,802,923)	(25,329,262)
Net OPEB liability	(1,506,554)	(1,648,667)
Net OPEB asset	1,804,930	1,490,689
Impact of GASB 68 and GASB 75 on net position	<u>\$ (21,944,104)</u>	<u>\$ (24,530,167)</u>

**Financial Analysis of the Government's Funds**

**The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$32,500,384 and total expenditures and other financing uses were \$29,115,077. The net change in fund balance was significant in the general fund with an increase of \$2,913,009.

	Fund Balances			
	Fund Balance <u>June 30, 2022</u>	Fund Balance <u>June 30, 2021</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
General	\$ 8,663,760	\$ 5,750,751	\$ 2,913,009	50.65%
Bond retirement	1,667,228	1,703,661	(36,433)	(2.14%)
Permanent improvement	1,106,806	915,127	191,679	20.95%
Building	2,049,151	2,049,151	-	0.00%
Other governmental	<u>2,831,460</u>	<u>2,514,408</u>	<u>317,052</u>	12.61%
Total	<u>\$ 16,318,405</u>	<u>\$ 12,933,098</u>	<u>\$ 3,385,307</u>	

**Geneva Area City School District**

**Ashtabula County**

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2022

Unaudited

The School District's general fund revenues decreased \$31,995 and expenditures also decreased \$930,621 from 2021. The most significant change for revenues was a decrease of \$1,001,829 in tuition and fees. The decrease was from a change in the funding method by the State for tuition, including open enrollment funding. The new funding method provides revenue to the schools based on where the student is educated instead of where they live. This change in funding method reduced the revenue and expenditures (from deductions) in the general fund as compared to the previous year. Interest amount reported was negative due to investments being reported at fair value instead of cost. The increase in property tax is due to varying amounts available as an advance each year that is recognized as revenue. Total expenditures increased mainly in the area of instruction related to increased costs associated with the teaching of pupils and the interaction between teacher and pupil.

Change in Financial Activities for the General Fund

	2022 <u>Amount</u>	2021 <u>Amount</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 7,214,657	\$ 7,005,906	208,751	2.98%
Income taxes	4,237,885	3,709,344	528,541	14.25%
Intergovernmental	13,337,773	12,681,498	656,275	5.18%
Interest	(469,017)	14,325	(483,342)	(3374.12%)
Tuition and fees	764,305	1,766,134	(1,001,829)	(56.72%)
Extracurricular activities	100,436	86,190	14,246	16.53%
Gifts and donations	1,340	6,795	(5,455)	(80.28%)
Customer sales and service	1,486	713	773	108.42%
Rent	45,640	5,400	40,240	745.19%
Payment in lieu of taxes	197,208	197,208	-	0.00%
Miscellaneous	<u>10,655</u>	<u>850</u>	<u>9,805</u>	1153.53%
Total	<u>\$ 25,442,368</u>	<u>\$ 25,474,363</u>	<u>\$ (31,995)</u>	
<b><u>Expenditures:</u></b>				
Instruction	\$ 14,219,472	\$ 16,040,191	\$ (1,820,719)	(11.35%)
Support services	7,712,176	6,843,480	868,696	12.69%
Non-instructional services	37,842	33,013	4,829	14.63%
Extracurricular activities	467,865	443,428	24,437	5.51%
Capital outlay	<u>-</u>	<u>7,864</u>	<u>(7,864)</u>	(100.00%)
Total	<u>\$ 22,437,355</u>	<u>\$ 23,367,976</u>	<u>\$ (930,621)</u>	

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2022, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.



**Geneva Area City School District**  
**Ashtabula County**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
Unaudited

---

For the general fund, the final budget basis revenue and other financing source estimate was \$26,297,757, representing a decrease from the original budget and other financing source estimate of \$26,646,381. This \$348,624 difference was mainly due to a decrease in tuition and fees revenue from the original estimates. Actual receipts and other financing sources of \$26,298,298 were very close to the final budget basis revenue estimate.

The original expenditures and other financing use estimate for the fiscal year were \$26,116,221. The final expenditures and other financing use estimate of \$24,817,994 was \$1,298,227 less than what was originally anticipated. Actual expenditures plus encumbrances and other financing uses of \$23,041,420 reported positive variances as compared to the final expenditure budgets. The School District ended the year at just around \$1.8 million under budget. Reductions of certified, classified and administrative personnel contributed to this significant decrease in expenditures as compared to the final budget.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2022, the School District had \$56,589,262 invested in various capitalized assets, net of depreciation. The table below shows fiscal year 2022 balances compared to fiscal year 2021.

Capital Assets, at Fiscal Year End  
(Net of depreciation)

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
Land	\$ 1,553,640	\$ 1,553,640
Land improvements	509,734	561,951
Buildings and improvements	53,459,954	54,895,668
Furniture, fixtures and equipment	547,253	604,861
Vehicles	518,681	645,834
Total capital assets	<u>\$ 56,589,262</u>	<u>\$ 58,261,954</u>

Capital assets decreased \$1,672,692 from 2021, due mainly from current year depreciation. See Note 7 to the basic financial statements for detail on the School District's capital assets.

**Debt**

At June 30, 2022, the School District had \$9,936,742 in general obligation bonds outstanding including premium. Of this total, \$1,000,000 is due within one year and \$8,936,742 is due in more than one year. The following table summarizes the bonds outstanding.

**Geneva Area City School District**  
**Ashtabula County**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2022  
*Unaudited*

---

Outstanding Debt at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2022</u>	<u>2021</u>
General obligation bonds:		
School improvement/refunding	\$ 9,936,742	\$ 10,986,967

Additional information on the School District's long-term debt can be found in Note 13 of the basic financial statements.

**Current Financial Related Activities**

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

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kevin Lillie, Treasurer at Geneva Area City School District, 135 South Eagle Street, Geneva, Ohio 44041.

This page is intentionally left blank.

**Geneva Area City School District**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 16,486,298
Cash and cash equivalents:	
In segregated accounts	250,754
With fiscal agents	15,000
Receivables:	
Property taxes	9,016,755
Income taxes	1,636,669
Accounts	687,955
Intergovernmental	584,447
Accrued interest	45,750
Inventory held for resale	50,530
Materials and supplies inventory	21,441
Net OPEB asset	1,804,930
Capital assets:	
Land	1,553,640
Depreciable capital assets	79,101,783
Accumulated depreciation	(24,066,161)
Total capital assets	56,589,262
Total assets	87,189,791
<u>Deferred outflows of resources:</u>	
Pension	5,776,655
OPEB	662,865
Total deferred outflows of resources	6,439,520
<u>Liabilities:</u>	
Accounts payable	346,768
Accrued wages and benefits	2,305,944
Intergovernmental payable	442,441
Accrued interest payable	23,648
Matured bonds payable	15,000
Unearned revenue	12,452
Claims payable	40,489
Undistributed monies	24,848
Long-term liabilities:	
Due within one year	1,256,352
Due in more than one year:	
Net pension liability	13,802,923
Net OPEB liability	1,506,554
Other amounts due in more than one year	10,453,221
Total liabilities	30,230,640
<u>Deferred inflows of resources:</u>	
Property taxes	7,753,030
Pension	11,851,644
OPEB	3,027,433
Total deferred inflows of resources	22,632,107
<u>Net position:</u>	
Net investment in capital assets	46,652,520
Restricted for:	
Capital projects	3,165,395
Debt service	1,706,254
Other purposes	2,925,498
Unrestricted	(13,683,103)
Total net position	\$ 40,766,564

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2022**

	Program Revenues			Governmental Activities	Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 11,018,532	\$ 319,125	\$ 2,033,497	\$ -	\$ (8,665,910)
Special	4,624,630	605,659	1,294,958	-	(2,724,013)
Vocational	236,188	-	316,869	-	80,681
Other	346,935	-	198,172	-	(148,763)
Support services:					
Pupils	1,382,756	-	38,468	-	(1,344,288)
Instructional staff	264,018	-	114,646	-	(149,372)
Board of education	22,178	-	-	-	(22,178)
Administration	2,061,508	-	101,096	-	(1,960,412)
Fiscal	670,065	-	36,544	-	(633,521)
Business	53,918	-	-	-	(53,918)
Operation and maintenance of plant	2,836,727	45,640	297,512	-	(2,493,575)
Pupil transportation	1,144,566	-	-	-	(1,144,566)
Central	48,091	-	-	-	(48,091)
Operation of non-instructional services:					
Food service operations	1,126,605	33,522	1,527,197	-	434,114
Community services	197,055	-	-	-	(197,055)
Extracurricular activities	693,272	294,904	24,653	-	(373,715)
Interest and fiscal charges	269,860	-	-	-	(269,860)
<b>Total governmental activities</b>	<b>\$ 26,996,904</b>	<b>\$ 1,298,850</b>	<b>\$ 5,983,612</b>	<b>\$ -</b>	<b>(19,714,442)</b>

**General Revenues:**

Property taxes levied for:		
General purposes		\$ 7,176,980
Debt service		1,158,497
Capital outlay and maintenance		328,312
Income taxes levied for:		
General purposes		4,279,224
Grants and entitlements not restricted to specific programs		12,365,801
Investment earnings		(463,664)
Payment in lieu of taxes		197,208
Miscellaneous		11,995
<b>Total general revenues</b>		<b>25,054,353</b>
Change in net position		5,339,911
Net position beginning of year		35,426,653
Net position end of year		<b>\$ 40,766,564</b>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2022**

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 9,068,758	\$ 1,553,256	\$ 1,089,724	\$ 2,049,151	\$ 2,612,132	\$ 16,373,021
Cash and cash equivalents:						
With fiscal agent	-	15,000	-	-	-	15,000
In segregated accounts	-	-	-	-	250,754	250,754
Receivables:						
Property taxes	7,461,744	1,212,729	186,076	-	156,206	9,016,755
Income taxes	1,636,669	-	-	-	-	1,636,669
Accounts	685,099	-	-	-	386	685,485
Intergovernmental	8,724	-	-	-	575,723	584,447
Interfund	173,076	-	-	-	-	173,076
Accrued interest	45,712	-	-	-	38	45,750
Inventory held for resale	-	-	-	-	50,530	50,530
Materials and supplies inventory	21,441	-	-	-	-	21,441
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 19,101,223</u>	<u>\$ 2,780,985</u>	<u>\$ 1,275,800</u>	<u>\$ 2,049,151</u>	<u>\$ 3,645,769</u>	<u>\$ 28,852,928</u>
<u>Liabilities:</u>						
Accounts payable	\$ 304,317	\$ -	\$ -	\$ -	\$ 42,451	\$ 346,768
Accrued wages and benefits	1,992,810	-	-	-	313,134	2,305,944
Interfund payable	-	-	-	-	173,076	173,076
Intergovernmental payable	361,751	-	-	-	80,690	442,441
Matured bonds payable	-	15,000	-	-	-	15,000
Unearned revenue	-	-	-	-	12,452	12,452
Undistributed monies	24,848	-	-	-	-	24,848
Total liabilities	<u>2,683,726</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>621,803</u>	<u>3,320,529</u>
<u>Deferred inflows of resources:</u>						
Property taxes	6,423,877	1,036,083	159,556	-	133,514	7,753,030
Unavailable revenue - delinquent property taxes	368,902	62,674	9,438	-	8,066	449,080
Unavailable revenue	960,958	-	-	-	50,926	1,011,884
Total deferred inflows of resources	<u>7,753,737</u>	<u>1,098,757</u>	<u>168,994</u>	<u>-</u>	<u>192,506</u>	<u>9,213,994</u>
<u>Fund balances:</u>						
Nonspendable	21,441	-	-	-	45,468	66,909
Restricted	-	1,667,228	1,106,806	2,049,151	2,863,049	7,686,234
Committed	22,000	-	-	-	-	22,000
Assigned	242,426	-	-	-	-	242,426
Unassigned (deficit)	8,377,893	-	-	-	(77,057)	8,300,836
Total fund balances	<u>8,663,760</u>	<u>1,667,228</u>	<u>1,106,806</u>	<u>2,049,151</u>	<u>2,831,460</u>	<u>16,318,405</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,101,223</u>	<u>\$ 2,780,985</u>	<u>\$ 1,275,800</u>	<u>\$ 2,049,151</u>	<u>\$ 3,645,769</u>	<u>\$ 28,852,928</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2022**

Total governmental fund balances		\$ 16,318,405
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.		56,589,262
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes receivable	\$ 449,080	
Income taxes receivable	319,448	
Intergovernmental receivable	50,926	
Tuition and fees	641,510	
Total	1,460,964	1,460,964
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		75,258
The net pension and net OPEB liability are not due and payable in the current period; the net OPEB asset is not a financial resource; therefore, the asset, liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	5,776,655	
Deferred inflows - pension	(11,851,644)	
Net pension liability	(13,802,923)	
Deferred outflows - OPEB	662,865	
Deferred inflows - OPEB	(3,027,433)	
Net OPEB liability	(1,506,554)	
Net OPEB asset	1,804,930	
Total	(21,944,104)	(21,944,104)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(23,648)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(9,800,000)	
Premium on bonds	(136,742)	
Compensated absences	(1,772,831)	
Total	(11,709,573)	(11,709,573)
Net position of governmental activities		\$ 40,766,564

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2022**

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Property taxes	\$ 7,214,657	\$ 1,165,102	\$ 179,693	\$ -	\$ 150,409	\$ 8,709,861
Income taxes	4,237,885	-	-	-	-	4,237,885
Intergovernmental	13,337,773	145,930	21,133	-	4,871,590	18,376,426
Interest	(469,017)	-	4,265	-	2,181	(462,571)
Tuition and fees	764,305	-	-	-	12,900	777,205
Extracurricular activities	100,436	-	-	-	194,468	294,904
Gifts and donations	1,340	-	-	-	45,172	46,512
Customer sales and service	1,486	-	-	-	33,522	35,008
Rent	45,640	-	-	-	-	45,640
Payment in lieu of taxes	197,208	-	-	-	-	197,208
Miscellaneous	10,655	-	-	-	-	10,655
Total revenues	25,442,368	1,311,032	205,091	-	5,310,242	32,268,733
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	10,015,292	-	-	-	1,152,424	11,167,716
Special	3,814,474	-	-	-	1,240,043	5,054,517
Vocational	207,406	-	-	-	3,478	210,884
Other	182,300	-	-	-	191,679	373,979
Support services:						
Pupils	1,356,456	-	-	-	134,276	1,490,732
Instructional staff	114,534	-	-	-	121,516	236,050
Board of education	23,055	-	-	-	-	23,055
Administration	2,157,049	-	-	-	125,196	2,282,245
Fiscal	653,408	24,828	4,153	-	23,713	706,102
Business	53,988	-	-	-	-	53,988
Operation and maintenance of plant	2,228,820	-	9,259	-	441,224	2,679,303
Pupil transportation	1,076,775	-	-	-	6,411	1,083,186
Central	48,091	-	-	-	-	48,091
Operation of non-instructional services:						
Food service operations	37,842	-	-	-	1,136,305	1,174,147
Community services	-	-	-	-	197,584	197,584
Extracurricular activities	467,865	-	-	-	279,265	747,130
Capital outlay	-	-	-	-	32,080	32,080
Debt service:						
Principal retirement	-	1,020,000	-	-	-	1,020,000
Interest and fiscal charges	-	302,637	-	-	-	302,637
Total expenditures	22,437,355	1,347,465	13,412	-	5,085,194	28,883,426
Excess of revenues over (under) expenditures	3,005,013	(36,433)	191,679	-	225,048	3,385,307
<u>Other financing sources (uses):</u>						
Transfers in	-	-	-	-	231,651	231,651
Transfers out	(92,004)	-	-	-	(139,647)	(231,651)
Total other financing sources (uses)	(92,004)	-	-	-	92,004	-
Net change in fund balances	2,913,009	(36,433)	191,679	-	317,052	3,385,307
Fund balances beginning of year, as restated	5,750,751	1,703,661	915,127	2,049,151	2,514,408	12,933,098
Fund balances end of year	\$ 8,663,760	\$ 1,667,228	\$ 1,106,806	\$ 2,049,151	\$ 2,831,460	\$ 16,318,405

See accompanying notes to the basic financial statements.



**Geneva Area City 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, 2022**

Net change in fund balances - total governmental funds \$ 3,385,307

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 capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 32,080	
Depreciation expense	(1,704,772)	
Excess of depreciation expense over capital asset additions and capital contributions		(1,672,692)

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

Property taxes	(46,072)	
Income taxes	41,339	
Intergovernmental	(73,278)	
Tuition and fees	146,093	
Net change in deferred inflows of resources during the year		68,082

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

Pension		1,975,201
OPEB		53,585

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net OPEB asset/liability are reported as pension and OPEB expense in the statement of activities.

Pension		405,198
OPEB		152,379

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

1,020,000

Some items 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. These activities consist of:

Increase in compensated absences	(42,594)	
Amortization of premium	30,225	
Decrease in accrued interest	2,552	
Total additional expenses		(9,817)

The internal service fund used by management to charge the costs of dental claims to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

(37,332)

Change in net position of governmental activities

\$ 5,339,911

See accompanying notes to the basic financial statements.

**Geneva Area City 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, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ 7,529,378	\$ 7,650,317	\$ 7,650,317	\$ -
Income taxes	3,792,672	4,010,831	4,010,831	-
Intergovernmental	13,100,598	13,308,174	13,308,174	-
Interest	95,000	61,849	62,390	541
Tuition and fees	1,774,680	763,101	763,101	-
Extracurricular activities	95,000	100,836	100,836	-
Gifts and donations	2,300	1,340	1,340	-
Customer sales and service	775	1,278	1,278	-
Rent	5,400	45,640	45,640	-
Payment in lieu of taxes	197,208	197,208	197,208	-
Miscellaneous	3,370	9,369	9,369	-
Total revenues	26,596,381	26,149,943	26,150,484	541
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,920,740	10,736,739	10,249,704	487,035
Special	4,116,893	4,096,893	3,868,041	228,852
Vocational	220,640	220,640	206,580	14,060
Other	1,878,420	378,420	193,346	185,074
Support services:				
Pupils	1,597,525	1,607,525	1,367,167	240,358
Instructional staff	117,300	126,300	117,826	8,474
Board of education	30,440	32,740	23,105	9,635
Administration	2,169,122	2,269,123	2,183,580	85,543
Fiscal	681,009	692,381	655,530	36,851
Business	63,400	63,400	52,153	11,247
Operation and maintenance of plant	2,398,832	2,563,832	2,349,791	214,041
Pupil transportation	1,141,900	1,246,898	1,117,394	129,504
Central	76,670	76,670	49,601	27,069
Operation of non-instructional services:				
Food service operations	37,300	39,300	37,336	1,964
Extracurricular activities	494,532	494,632	471,308	23,324
Capital outlay	21,498	22,501	6,954	15,547
Total expenditures	25,966,221	24,667,994	22,949,416	1,718,578
Excess of revenues under expenditures	630,160	1,481,949	3,201,068	1,719,119
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	20,000	-	-	-
Refund of prior year expenditures	30,000	144,701	144,701	-
Insurance recoveries	-	3,113	3,113	-
Transfers out	(150,000)	(150,000)	(92,004)	57,996
Total other financing sources (uses)	(100,000)	(2,186)	55,810	57,996
Net change in fund balance	530,160	1,479,763	3,256,878	1,777,115
Fund balance at beginning of year	5,479,281	5,479,281	5,479,281	-
Prior year encumbrances appropriated	585,884	585,884	585,884	-
Fund balance at end of year	\$ 6,595,325	\$ 7,544,928	\$ 9,322,043	\$ 1,777,115

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Fund Net Position**  
**Internal Service Fund**  
**June 30, 2022**

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 113,277
Accounts receivable	2,470
Total assets	<u>115,747</u>
<u>Liabilities:</u>	
Claims payable	<u>40,489</u>
<u>Net position:</u>	
Unrestricted	<u>75,258</u>
Total liabilities and net position	<u>\$ 115,747</u>

See accompanying notes to the basic financial statements.

***Geneva Area City School District***  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Self Insurance</u>
<u>Operating revenues</u>	
Charges for services	<u>\$ 230,288</u>
 <u>Operating expenses:</u>	
Purchased services	16,245
Claims	<u>251,375</u>
Total operating expenses	<u>267,620</u>
 Operating loss	 (37,332)
 Net position at beginning of year	 <u>112,590</u>
Net position at end of year	<u>\$ 75,258</u>

See accompanying notes to the basic financial statements.

**Geneva Area City School District**  
**Statement of Cash Flows**  
**Internal Service Fund**  
**For the Fiscal Year Ended June 30, 2022**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 227,818
Cash payments to suppliers for goods and services	(16,245)
Cash payments for claims	(221,486)
Net cash used for operating activities	<u>(9,913)</u>
Net decrease in cash and cash equivalents	(9,913)
Cash and cash equivalents at beginning of year	123,190
Cash and cash equivalents at end of year	<u>\$ 113,277</u>
<u>Reconciliation of operating loss to net cash used for operating activities:</u>	
Operating loss	<u>\$ (37,332)</u>
Adjustments to reconcile operating loss to net cash used for operating activities:	
Change in liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(2,470)
Increase (decrease) in liabilities:	
Claims payable	29,889
Total adjustments	<u>27,419</u>
Net cash used for operating activities	<u>\$ (9,913)</u>

See accompanying notes to the basic financial statements.

***Geneva Area City School District***  
**Statement of Fiduciary Net Position**  
**Custodial Fund**  
**June 30, 2022**

	<u>Custodial</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	<u>\$ -</u>
<u>Liabilities:</u>	
Total liabilities	<u>\$ -</u>
<u>Net position:</u>	
Restricted for individuals, organizations and other governments	<u>-</u>
Total net position	<u>\$ -</u>

See accompanying notes to the basic financial statements.

***Geneva Area City School District***  
**Statement of Changes in Fiduciary Net Position**  
**Custodial Fund**  
**For the Fiscal Year Ended June 30, 2022**

	<u>Custodial</u>
<u>Additions:</u>	
Collections on behalf of OHSAA	\$ 1,100
<u>Deductions:</u>	
Distributions on behalf of OHSAA	1,100
Change in net position	-
Net position beginning of year	-
Net position end of year	<u>\$ -</u>

See accompanying notes to the basic financial statements.

***Geneva Area City School District***  
***Ashtabula County***

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of June 30, 2022, was 2,194. The School District employed 156 certificated employees and 100 non-certificated employees.

The School District provides regular, special, vocational and other instruction. The School District also provides support services for pupils, instructional staff, board of education, administration, fiscal, operation and maintenance of plant and pupil transportation. Operation of non-instructional services, extracurricular activities and non-programmed services are also provided.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization or (c) is obligated in some manner for the debt of the organization.

The Ashtabula County District Library (the Library) is a library created under Chapter 3375 of the Ohio Revised Code (ORC) and is located in the Geneva Area City School District. The Board of Trustees of the Library controls and manages the Library and issues its own financial statements, therefore, is excluded from these financial statements.



**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

The School District is associated with organizations which are defined as jointly governed organizations. These organizations are the Northeast Ohio Management Information Network, the Ashtabula County Schools Council of Governments, and the Ashtabula County Technical and Career Center which are presented in Note 14 to the basic financial statements.

Within the School District boundaries is a non-public school, the Grand River Academy. Current State legislation provides funding to this school. These monies are now sent directly to the non-public school due to recent changes in State guidelines.

Management believes the financial statements included in this report represent all of the funds of the School District over which the Board of Education is financially accountable.

**B. Fund Accounting**

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

**Governmental Fund Types** Governmental funds are those through which most governmental functions typically are financed. Governmental fund types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of “available spendable resources” during the period. The School District reports four major governmental funds as described below:

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

Bond Retirement Fund – This debt service fund is used to account for the financial resources, such as property taxes, collected and used for the repayment of debt of the School District.

Permanent Improvement Fund – This capital projects fund is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

Building Fund – This capital projects fund is used to account for all special bond funds in the district. All proceeds from the sale of bonds, except premium and accrued interest, must be paid into this fund. In addition, this fund received a portion of Ohio Schools Facilities funding. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

**Proprietary Fund Type** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

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 on a cost reimbursement basis. The School District’s only internal service fund accounts for revenue received from other funds and the settlement of expenses for dental claims of School District employees.

**Fiduciary Fund Types** Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust, investment trust, private purpose trust and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District’s own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District’s only custodial fund is used to account for money temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

**C. Basis of Presentation**

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

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

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

**Fund Financial Statements** The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. 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. Fiduciary funds are reported by fund type.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the fund are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred outflows and inflows of resources, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

The trust fund is reported using the economic resources measurement focus.

**D. Basis of Accounting**

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

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

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 year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals. On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position 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 other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Note 10.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position 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 and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance year 2023 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported 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, income taxes, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

**E. Budget and Budgetary Accounting**

The budgetary process is prescribed by provisions of Ohio Revised Code and entails the preparation of budgetary documents with an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at either its regular board meeting in December or its organizational board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
- 2) The County Budget Commission certifies its actions to the School District by March 1st. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this Certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the legal level of control.
- 4) The School District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations for the general fund are presented in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Basis) and Actual - General Fund" to provide a meaningful comparison of actual results with the budget.

**Encumbrances** - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**Lapsing of Appropriations** - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

**F. Cash and Investments**

Cash received by the School District is pooled in various bank accounts with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Also, the School District maintains segregated accounts for the district managed activity and student managed activity funds, which is presented as "Cash and cash equivalents in segregated accounts."

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account's balance is presented in the account "Cash and cash equivalents with fiscal agents".

During the fiscal year all investments were limited to certificates of deposit and instruments of government sponsored mortgage-backed securities. Except for nonparticipating investments contracts, investments are reported at fair market value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and negotiable certificates of deposits are reported at cost.

**G. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance restriction.

**H. Inventories**

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of donated food, purchased food, and expendable supplies held for consumption. The cost of the governmental fund type inventories is recorded as expenditures when used (consumption method).

**I. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 2022. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2022 and accordingly have been recorded as deferred inflows of resources – property taxes in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred inflows of resources – delinquent property taxes until they are determined to be uncollectible.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

**J. Capital Assets**

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related 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. The School District maintains a capitalization threshold of five thousand dollars.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30-50 years
Furniture	20 years
Equipment	10-20 years
Fixtures	15 years
Vehicles	10 years

**K. Interfund Balances**

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

**L. Interfund Activity**

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

**M. Pension and other postemployment benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability or 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.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

The current accounting standard requires School District's to report their proportionate share of the net pension/OPEB liability or asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability or asset. Under the new standards, the net pension/OPEB liability or asset equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

**N. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

The current portion of unpaid compensated absence, which expected to be paid using the available expendable resources, is reported on the governmental funds financial statements. The amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported in this statement.

**O. Unearned Revenue**

Unearned revenues arise when resources are received by the School District before it has a legal claim to them, as when grant monies are received prior to incurring the qualifying expenditures. In addition, the School District takes money in each building's cafeteria for advance payment of lunches and other goods which is reported as unearned revenue until used by the customer.



**P. 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 are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and special termination benefits 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. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**Q. Fund Balance**

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 fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. 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 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 fund balance classifications 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. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

The 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.

#### **R. Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment of capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

#### **S. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

#### **T. 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.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

**NOTE 2 – 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 below:

Fund Balances	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>						
Materials and supplies inventory	\$ 21,441	\$ -	\$ -	\$ -	\$ -	\$ 21,441
Permanent fund principal	-	-	-	-	45,468	45,468
Total nonspendable	<u>21,441</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,468</u>	<u>66,909</u>
<u>Restricted for</u>						
Food service	-	-	-	-	397,440	397,440
Various student activities	-	-	-	-	243,945	243,945
Academic enrichment	-	-	-	-	7,440	7,440
Emergency relief	-	-	-	-	21,478	21,478
Classroom facilities maintenance	-	-	-	-	314,955	314,955
Capital improvements	-	-	1,106,806	2,049,151	-	3,155,957
Instructional programs	-	-	-	-	13,914	13,914
Extended learning	-	-	-	-	21,946	21,946
Special education	-	-	-	-	608,658	608,658
Student wellness	-	-	-	-	1,192,683	1,192,683
Scholarships and awards	-	-	-	-	40,590	40,590
Debt service payments	-	1,667,228	-	-	-	1,667,228
Total restricted	<u>-</u>	<u>1,667,228</u>	<u>1,106,806</u>	<u>2,049,151</u>	<u>2,863,049</u>	<u>7,686,234</u>
<u>Committed</u>						
Underground storage tanks	22,000	-	-	-	-	22,000
<u>Assigned</u>						
Encumbrances	242,426	-	-	-	-	242,426
Unassigned (deficit)	8,377,893	-	-	-	(77,057)	8,300,836
Total fund balances	<u>\$ 8,663,760</u>	<u>\$ 1,667,228</u>	<u>\$ 1,106,806</u>	<u>\$ 2,049,151</u>	<u>\$ 2,831,460</u>	<u>\$ 16,318,405</u>

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

**NOTE 3 – BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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	
	<u>General</u>
GAAP basis	\$ 2,913,009
Revenue accruals	297,784
Adjustment to fair market value for investments:	
Prior year amount	3,521
Current year amount	555,829
Expenditure accruals	(188,462)
Budgeted as part of special revenue fund:	
Revenues	(1,204)
Expenditures	1,109
Encumbrances (Budget Basis) outstanding at year end	<u>(324,708)</u>
Budget basis	<u>\$ 3,256,878</u>

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

**NOTE 4 – CASH AND INVESTMENTS**

State statutes classify monies held by the School District into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the School District Treasury, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 public 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 within five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided that such political subdivisions are located wholly or partly within the School District.
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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

9. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

***Cash on hand***

At fiscal year-end, the School District had \$3,295 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

***Deposits***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must provide security for the repayment of all public deposits. These institutions shall give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC). The security for these deposits will be made under an agreement using a surety bond and/or by means of pledging allowable securities as collateral to be held by a qualified trustee. The pledged collateral can be held for each public depositor and must have a market value of at least 105% of the total value of public monies on deposit at the institution. In addition, the financial institution can participate in a pooled collateral arrangement with the Ohio Pooled Collateral System (OPCS). If the institution participates in the OPCS, the total market value of the securities pledged can be 102% or lower if permitted by the Treasurer of State.

The School District's financial institutions participate in the OPCS and one was approved for a reduced collateral floor of 50 percent.

The School District has no deposit policy for custodial risk beyond the requirements of State statute.

***Investments***

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

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

Investment Maturities

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>More Than 2 Years</u>	<u>Percentage of Investments</u>
Federal Home Loan Bank	\$ 7,283,918	\$ 198,356	\$ 1,051,411	\$ 6,034,151	58.96%
Federal Home Loan Mortgage Corp.	760,840	-	190,738	570,102	6.16%
Federal Farm Credit Bank	469,275	96,911	-	372,364	3.80%
Negotiable CDs	3,838,760	1,755,986	741,119	1,341,655	31.08%
Total investments	<u>\$ 12,352,793</u>	<u>\$ 2,051,253</u>	<u>\$ 1,983,268</u>	<u>\$ 8,318,272</u>	<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above tables identify the School District’s recurring fair value measurement as of June 30, 2021. All of the School District’s investments measured at fair value are valued using Level 1 and Level 2 inputs.

Custodial credit risk for an investment is the risk that in the event of 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 securities, held by the counterparty and not in the School District’s name, are Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). All of the School District’s negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School District’s policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District’s investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District’s investment policy requires certain credit ratings for some investments as allowed by state law. Standard and Poor’s has assigned the Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Home Loan Bank (FHLB) securities an AA+ rating.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District’s investment in a single issuer. More than 5 percent of the School District’s investments are in FHLB and FHLMC. The School District places no limit on the amount that may be invested in any one issuer. The investments in negotiable CD’s are all individually below the 5 percent. The table above is the School District’s allocation as of June 30, 2022.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. For the School District, all investment earnings accrue to the general fund, certain special revenue funds, certain capital projects funds, and the private purpose trust fund as authorized by board resolution. Interest revenue credited to the general fund during the fiscal year amounted to \$(469,017); which includes interest of \$(213,735) assigned from other School District funds. For 2022, interest income reported in the general fund were negative amounts resulting from fluctuations in reporting investments at fair value.

**NOTE 5 – PROPERTY TAX**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected 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.



**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 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, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

At June 30, 2022, taxes available for advance were: \$668,965 for the general fund, \$113,972 for the bond retirement debt service fund; \$17,082 for the permanent improvement capital projects fund, and \$14,626 for the classroom facilities maintenance special revenue fund. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2022 taxes were collected are:

<u>Property Category</u>	<u>2022 Assessed Value</u>	<u>2021 Assessed Value</u>
<u>Real Property</u>		
Residential, agricultural, commercial and industrial	\$ 374,202,410	\$ 370,113,450
Public utilities	158,230	153,940
<u>Tangible Personal Property</u>		
General	<u>15,279,900</u>	<u>14,459,080</u>
Total	<u>\$ 389,640,540</u>	<u>\$ 384,726,470</u>

**NOTE 6 - INCOME TAXES**

The School District levies a voted tax of 1.25 percent for general operations on the earned income of residents and of estates. The earned income tax was passed in 2018 and went into effect January 1, 2019. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

<u>Governmental Activities</u>	<u>Balance</u> <u>June 30, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2022</u>
Capital assets, not being depreciated:				
Land	\$ 1,553,640	\$ -	\$ -	\$ 1,553,640
Capital assets, being depreciated:				
Land improvements	2,914,802	-	-	2,914,802
Buildings and improvements	71,854,878	-	-	71,854,878
Furniture, fixtures and equipment	1,926,372	32,080	-	1,958,452
Vehicles	<u>2,383,842</u>	<u>-</u>	<u>\$ (10,191)</u>	<u>2,373,651</u>
Total capital assets, being depreciated	<u>79,079,894</u>	<u>32,080</u>	<u>(10,191)</u>	<u>79,101,783</u>
Less: Accumulated depreciation:				
Land improvements	(2,352,851)	(52,217)	-	(2,405,068)
Buildings and improvements	(16,959,210)	(1,435,714)	-	(18,394,924)
Furniture, fixtures and equipment	(1,321,511)	(89,688)	-	(1,411,199)
Vehicles	<u>(1,738,008)</u>	<u>(127,153)</u>	<u>10,191</u>	<u>(1,854,970)</u>
Total accumulated depreciation	<u>(22,371,580)</u>	<u>(1,704,772)</u>	<u>10,191</u>	<u>(24,066,161)</u>
Total capital assets being depreciated, net	<u>56,708,314</u>	<u>(1,672,692)</u>	<u>-</u>	<u>55,035,622</u>
Governmental activities capital assets, net	<u>\$ 58,261,954</u>	<u>\$ (1,672,692)</u>	<u>\$ -</u>	<u>\$ 56,589,262</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,071,899
Special	31,112
Vocational	21,519
Support services:	
Pupil	12,307
Instructional staff	43,990
Administration	25,974
Operation and maintenance of plant	284,397
Pupil transportation	152,517
Operation of non-instructional services	43,830
Extracurricular activities	<u>17,227</u>
Total depreciation expense	<u>\$ 1,704,772</u>

**NOTE 8 – RECEIVABLES**

Receivables at June 30, 2022, consisted of taxes, accounts (miscellaneous), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General:	
Tuition and fees	\$ 8,724
Other governmental funds:	
Grants	<u>575,723</u>
Total	<u>\$ 584,447</u>

**NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund balances at June 30, 2022 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 173,076	\$ -
Nonmajor governmental funds	<u>-</u>	<u>176,076</u>
	<u>\$ 173,076</u>	<u>\$ 176,076</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, or (3) payments between funds were made.

Interfund transfers for the year ended June 30, 2022 consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 92,004
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	<u>139,647</u>
	<u>\$ 231,651</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

fund to finance various programs accounted for in other funds in accordance with budget authorization. Transfers are also used to close out grants in any funds, including special revenue funds that are no longer required, as indicated above.

**NOTE 10 – DEFINED BENEFIT PENSION PLANS AND OPEB PLANS**

**Net Pension Liability/Net OPEB Liability (Asset)**

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension and OPEB disclosures.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
 For the Year Ended June 30, 2022

---

**A. DEFINED BENEFIT PENSION PLANS**

**School Employee 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before <u>August 1, 2017</u> *	Eligible to Retire after <u>August 1, 2017</u>
Full benefits	Age 65 with 5 years of service credit or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021.

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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

The School District's contractually required contribution to SERS was \$405,744 for fiscal year 2022. Of this amount \$32,171 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 retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://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 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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for CB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any 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. Investment allocation decisions are determined by the member. 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 goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions are allocated among investment choices by the member, and employer contributions 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 services. 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 or later after termination of employment.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

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 fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension

The School District’s contractually required contribution to STRS was \$1,569,457 for fiscal year 2022. Of this amount \$279,628 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, 2021, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.0727260%	0.0848018%	
Proportion of the net pension liability - current measurement date	<u>0.0774435%</u>	<u>0.0856059%</u>	
Change in proportionate share	<u>0.0047175%</u>	<u>0.0008041%</u>	
Proportionate share of the net pension liability	\$2,857,441	\$10,945,482	\$13,802,923
Pension expense	\$35,307	(\$440,505)	(\$405,198)

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 276	\$ 338,163	\$ 338,439
Changes of assumptions	60,169	3,036,473	3,096,642
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	214,646	151,727	366,373
School District contributions subsequent to the measurement date	<u>405,744</u>	<u>1,569,457</u>	<u>1,975,201</u>
Total deferred outflows of resources	<u>\$ 680,835</u>	<u>\$ 5,095,820</u>	<u>\$ 5,776,655</u>
<b>Deferred inflows of resources</b>			
Net difference between expected and actual experience	\$ 74,105	\$ 68,606	\$ 142,711
Net difference between projected and actual earnings on pension plan investments	1,471,665	9,432,911	10,904,576
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>-</u>	<u>804,357</u>	<u>804,357</u>
Total deferred inflows of resources	<u>\$ 1,545,770</u>	<u>\$ 10,305,874</u>	<u>\$ 11,851,644</u>

\$1,975,201 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 year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal			
<u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2023	\$ (214,138)	\$ (1,839,928)	\$ (2,054,066)
2024	(254,921)	(1,607,092)	(1,862,013)
2025	(349,909)	(1,497,731)	(1,847,640)
2026	<u>(451,711)</u>	<u>(1,834,760)</u>	<u>(2,286,471)</u>
Total	<u>\$ (1,270,679)</u>	<u>\$ (6,779,511)</u>	<u>\$ (8,050,190)</u>



**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

**Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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, 2021, are presented below:

Wage 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	7.0 percent net of system expense
Actuarial cost method	Entry age normal

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US equity	24.75	5.72
International equity developed	13.50	6.55
International equity emerging	6.75	8.54
Fixed income/Global bonds	19.00	1.14
Private equity	11.00	10.03
Real estate/Real assets	16.00	5.41
Multi-asset strategies	4.00	3.47
Private debt/Private credit	<u>3.00</u>	5.28
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease <u>(6.00%)</u>	Current discount rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's proportionate share of the net pension liability	\$ 4,754,033	\$2,857,441	\$1,257,922

**Actuarial Assumptions - STRS**

The total pension liability in the July 1, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Projected salary increases	12.5 percent at age 20 to 2.5 percent at age 65
Investment rate of return	7.0 percent, net of investment expenses, including inflation
Discount rate of return	7.0 percent
Payroll increases	3.0 percent
Cost-of-Living Adjustment (COLA)	0.0 percent

Post-retirement 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. 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 MP2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

\*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
 For the Year Ended June 30, 2022

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. 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, 2021.

**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	\$ 20,496,792	\$10,945,482	\$2,874,646

**Changes Between the Measurement Date and the Reporting date** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. The Board's liability is 6.2% of wages paid for those that choose Social Security.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

**B. DEFINED BENEFIT OPEB PLANS**

**School Employee Retirement System**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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](http://www.ohsers.org) under Employers/Audit Resources.

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

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 2022, 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 2022, 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 2022, the District's surcharge obligation was \$53,585.

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 \$53,585 for fiscal year 2022. Of this amount \$53,585 is reported as a pension obligation payable.

**State Teachers Retirement System**

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

**OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability or asset was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability or asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability or 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability - prior measurement date	0.0758591%	0.0848018%	
Proportion of the net OPEB liability or asset - current measurement date	<u>0.0796031%</u>	<u>0.0856059%</u>	
Change in proportionate share	<u>0.0037440%</u>	<u>0.0008041%</u>	
Proportionate share of the net OPEB liability (asset)	\$1,506,554	(\$1,804,930)	(\$298,376)
OPEB expense	(\$19,649)	(\$132,730)	(\$152,379)

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 16,059	\$ 64,268	\$ 80,327
Changes of assumptions	236,343	115,291	351,634
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	171,482	5,837	177,319
School District contributions subsequent to the measurement date	<u>53,585</u>	<u>-</u>	<u>53,585</u>
Total deferred outflows of resources	<u>\$ 477,469</u>	<u>\$ 185,396</u>	<u>\$ 662,865</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 750,332	\$ 330,696	\$ 1,081,028
Changes of assumptions	206,310	1,076,772	1,283,082
Net difference between projected and actual earnings on pension plan investments	32,730	500,295	533,025
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>100,432</u>	<u>29,866</u>	<u>130,298</u>
Total deferred inflows of resources	<u>\$ 1,089,804</u>	<u>\$ 1,937,629</u>	<u>\$ 3,027,433</u>

\$53,585 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal			
<u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2023	\$ (166,032)	\$ (500,346)	\$ (666,378)
2024	(166,261)	(487,827)	(654,088)
2025	(158,689)	(478,023)	(636,712)
2026	(116,644)	(216,073)	(332,717)
2027	(45,763)	(71,676)	(117,439)
2028	<u>(12,531)</u>	<u>1,712</u>	<u>(10,819)</u>
Total	<u>\$ (665,920)</u>	<u>\$ (1,752,233)</u>	<u>\$ (2,418,153)</u>

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

**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, 2021, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent



**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 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 log-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 longterm 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 10 A.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 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, 2020 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 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

**Geneva Area City School District  
Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease <u>(1.27%)</u>	Current discount rate <u>(2.27%)</u>	1% Increase <u>(3.27%)</u>
School District's proportionate share of the net OPEB liability	\$ 1,866,803	\$1,506,554	\$1,218,762
	1% Decrease <u>(5.75% decreasing to 3.40%)</u>	Current trend rate <u>(6.75% decreasing to 4.40%)</u>	1% Increase <u>(7.75% decreasing to 5.40%)</u>
School District's proportionate share of the net OPEB liability	\$ 1,159,923	\$1,506,554	\$1,969,546

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Discount rate of return	7.00 percent
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate
Medicare	-16.18 percent initial, 4.00 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate
Medicare	29.98 percent initial, 4.00 percent ultimate

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

For 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.

**Geneva Area City School District**  
**Ashtabula County**  
Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

---

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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 10 A.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2021, 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 <u>(6.00%)</u>	Current discount rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
School District's proportionate share of the net OPEB asset	\$ (1,523,082)	(\$1,804,930)	(\$2,040,372)
	<u>1% Decrease</u>	Current trend rate	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (2,030,832)	(\$1,804,930)	(\$1,525,582)

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

**NOTE 11 – COMPENSATED ABSENCES**

**Vacation Leave** The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted, is determined upon length of service. For fiscal year 2021, the superintendent and the treasurer were granted twenty days of vacation. Administrators may accrue vacation leave up to a maximum of three years prior to using the vacation leave days. Classified employees earn ten to twenty days of vacation per year, depending upon length of service (with a year defined as at least 120 days). Classified employees may accrue vacation up to a maximum of two years prior to using the vacation leave days. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. The administrative and classified personnel accumulate vacation based on the following schedule:

<u>Administration</u> <u>Years Service</u>	<u>Classified</u> <u>Years Service</u>	<u>Vacation Days</u>
1-8	1-6	10
9-17	7-14	15
18-beyond	15-beyond	20

**Sick Leave/Severance Pay** Each employee earns sick leave at the rate of one and one-fourth days per month to a maximum of fifteen days in any year. Effective February 17, 2012, classified employees' sick leave was converted to hours for accumulation and usage. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for employees is 320 days. Retirement pay will be paid to an employee who retires on the basis of one-fourth (1/4) of the employee's total available accumulated sick leave days up to a maximum of 80 days at the daily rate at the time of retirement.

Retirement pay shall be paid within thirty calendar days of the effective date of the employee's retirement. For administrative employees and any teacher actively employed on or after June 30, 2005; retiring administrators and teachers shall have their severance pay placed into an annuity contract as an Employer Plan for Payment and Deferral of Severance Pay, and payment shall occur within thirty (30) calendar days of the effective date of the employee's retirement and shall be in lieu of payment being made directly to the retired employee. However, for administrators, the first thirty days of accumulated sick days must be paid and any remaining will be placed in the annuity.

**NOTE 12 – RISK MANAGEMENT**

**A. General Risk**

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

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

General liability insurance is maintained in the amount of \$4,000,000 for single occurrence and \$6,000,000 in the aggregate. The School District maintains fleet insurance in the amount of \$4,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$107,693,027.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year. For fiscal year 2022, the School District participated in the Plan which is an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

**B. Workers' Compensation**

The School District participates in the Workers' Compensation Program provided by the State of Ohio. The Ohio system of workers' compensation has been in effect since 1913 providing compensation for work-related injuries, diseases and deaths. The system is maintained by the Ohio Bureau of Workers' Compensation and the Industrial Commission. The Bureau of Workers' Compensation determines basic premium rates by the cost of claims generated within the school's industry classification. New rates are effective each January 1. Premiums are paid annually.

**C. Health Insurance**

In July 1987, the School District joined the Ashtabula County Schools Council of Governments Employees Insurance Consortium to insure its medical and vision claims. The consortium currently includes eight member school districts. Contributions are determined by the consortium's board of directors. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District provides life insurance coverage through a commercial insurance policy.

The School District uses an internal service fund to record and report its self-funded dental insurance program. The claims liability of \$40,489, reported in the fund at year end was estimated and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in the fund's claims liability during 2022 and 2021 were:

	Year ended <u>6/30/2022</u>	Year ended <u>6/30/2021</u>
Unpaid claims, beginning of fiscal year	\$ 10,600	\$ 12,200
Incurred claims (including IBNRs)	251,375	200,900
Claim payments	<u>(221,486)</u>	<u>(202,500)</u>
Unpaid claims, end of fiscal year	<u>\$ 40,489</u>	<u>\$ 10,600</u>

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

**NOTE 13 – LONG-TERM DEBT AND OBLIGATIONS**

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

<u>Governmental Activities</u>	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balance</u>	<u>Due within</u> <u>one year</u>
<u>General Obligation Bonds</u>					
2019 Refunding	\$ 8,815,000	\$ -	\$ (20,000)	\$ 8,795,000	\$ 1,000,000
Premium	166,967	-	(30,225)	136,742	-
2012 School Improvement					
Refunding	<u>2,005,000</u>	-	<u>(1,000,000)</u>	<u>1,005,000</u>	<u>-</u>
Total bonds	<u>10,986,967</u>	<u>-</u>	<u>(1,050,225)</u>	<u>9,936,742</u>	<u>1,000,000</u>
<u>Other Long-term obligations</u>					
Compensated absences	<u>1,730,237</u>	<u>306,404</u>	<u>(263,810)</u>	<u>1,772,831</u>	<u>256,352</u>
<u>Net Pension Liability</u>					
STRS	20,519,011	-	(9,573,529)	10,945,482	-
SERS	<u>4,810,251</u>	<u>-</u>	<u>(1,952,810)</u>	<u>2,857,441</u>	<u>-</u>
Total net pension liability	<u>25,329,262</u>	<u>-</u>	<u>(11,526,339)</u>	<u>13,802,923</u>	<u>-</u>
<u>Net OPEB Liability</u>					
SERS	<u>1,648,667</u>	<u>-</u>	<u>(142,113)</u>	<u>1,506,554</u>	<u>-</u>
Total governmental					
long-term obligations	<u>\$ 39,695,133</u>	<u>\$ 306,404</u>	<u>\$ (12,982,487)</u>	<u>\$ 27,019,050</u>	<u>\$ 1,256,352</u>

The School District pays compensated absences and pension/OPEB obligations related to employee benefits and compensation from the fund benefitting from their service.

**School Improvement Refunding Bonds:** On June 20, 2012, the School District issued \$14,860,000 in refunding general obligation bonds with interest rates from .9-3.375% to refund \$15,080,000 of outstanding 2003 School Improvement Bonds. In addition to the proceeds of the new bonds the School District paid an additional \$1,500,000. The net proceeds of \$14,548,108 (after payment of \$311,892 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. These bonds are serial bonds. As a result of this issue, the School Improvement Bonds are considered to be defeased and the liability has been removed. The old debt had a final call date of December 1, 2013 in which the debt was repaid.

**Geneva Area City School District**  
**Ashtabula County**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2022

On September 4, 2019 the School District issued \$8,910,000 in refunding general obligation bonds with interest rates from 2.5% to 3.085% to refund \$8,945,000 of outstanding 2012 School Improvement Bonds. The net proceeds of \$9,052,838 (after payment of \$84,777 in issuance costs) were with an escrow agent to provide for debt service payments of the portion of the 2012 School Improvement Bonds refunded. These bonds were called and repaid on December 1, 2019. As a result of this issue, the old bonds are considered to be defeased and the liability has been removed. As a result of the refunding the net present value savings was \$328,289.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2022 are as follows:

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Payment</u>
2023	\$ 1,000,000	\$ 268,353	\$ 1,268,353
2024	1,030,000	239,352	1,269,352
2025	1,010,000	210,196	1,220,196
2026	1,046,000	178,483	1,224,483
2027	1,078,000	145,720	1,223,720
2028-2031	<u>4,636,000</u>	<u>249,131</u>	<u>4,885,131</u>
Total	<u>\$ 9,800,000</u>	<u>\$ 1,291,235</u>	<u>\$ 11,091,235</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the voters, shall not exceed 9.0% of the total value of all property in the School District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The School District has no unvoted debt. The School District's unvoted debt limit and margin is \$389,641. The voted debt limit and margin at June 30, 2022 is \$35,067,649 and \$25,267,649.

**NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOLS**

***Northeast Ohio Management Information Network (NEOMIN)*** NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. Payments to NEOMIN are made from the general fund. During the current fiscal year, the School District contributed \$76,529 to NEOMIN.

**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio, 44446.

**Ashtabula County Schools Council of Governments** The School District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The School District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

**Ashtabula County Technical and Career Center** The School District is a member of the Ashtabula County Technical and Career Center which has a seven-member board of education and is funded by levying millage and state and federal support. The School District has one member as a board representative. The School District has no ongoing financial interest or financial responsibility to the Ashtabula County Technical and Career Center.

**NOTE 15 – CONTINGENCIES**

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.

In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2022.

**NOTE 16 – STATUTORY RESERVES**

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.



**Geneva Area City School District**

**Ashtabula County**

Notes to the Basic Financial Statements

For the Year Ended June 30, 2022

---

Although the School District had qualifying disbursements and current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, 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.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2021	\$ -
Current year set-aside requirement	387,965
Current year offset	<u>(1,446,438)</u>
Set-aside cash balance as of June 30, 2022	<u><u>\$(1,058,473)</u></u>
Cash balance carried forward to 2022	<u><u>\$ -</u></u>

**NOTE 17 – FUND DEFICITS**

As of June 30, 2022, two funds had a deficit fund balance. The deficit was caused by the application of GAAP. The deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The following funds had a deficit balance:

<u>Fund</u>	<u>Deficit Balance</u>
Nonmajor special revenue fund:	
IDEA Part B	\$ 226
Title I	76,831

**NOTE 18 – TAX ABATEMENTS**

Pursuant to Ohio Revised Code (ORC) Section 3735, the Village of Geneva-on-the Lake (the Village) established a Community Reinvestment Area (CRA) program. The CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for the renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The total value of the School District's share of taxes abated within the CRA for fiscal year 2022 was estimated at \$468.

**NOTE 19 – CORONAVIRUS PANDEMIC (COVID-19)**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

## **Required Supplementary Information**

**Geneva Area City School District**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Last Nine Fiscal Years (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>School Employees Retirement System (SERS) of Ohio</b>				
School District's proportion of the net pension liability	0.077444%	0.072726%	0.070079%	0.075310%
School District's proportionate share of the net pension liability	\$ 2,857,441	\$ 4,810,251	\$ 4,192,949	\$ 4,313,115
School District's covered payroll	\$ 2,591,071	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622
School District's proportionate share of the net pension liability as a percentage of its covered payroll	110.28%	188.67%	138.22%	173.45%
Plan fiduciary net position as a percentage of total pension liability	82.86%	68.55%	70.85%	71.36%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>				
School District's proportion of the net pension liability	0.0856059%	0.0848018%	0.0877366%	0.0935489%
School District's proportionate share of the net pension liability	\$ 10,945,482	\$ 20,519,011	\$ 19,402,426	\$ 20,569,300
School District's covered payroll	\$ 10,563,207	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436
School District's proportionate share of the net pension liability as a percentage of its covered payroll	103.62%	200.49%	179.84%	192.28%
Plan fiduciary net position as a percentage of total pension liability	87.80%	75.50%	77.40%	77.30%

(1) Ten years of information will be presented as information becomes available. Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

2018	2017	2016	2015	2014
0.077710%	0.082263%	0.083531%	0.083654%	0.083654%
\$ 4,643,025	\$ 6,020,863	\$ 4,766,348	\$ 4,233,681	\$ 4,974,635
\$ 2,552,429	\$ 2,541,343	\$ 2,514,750	\$ 2,404,235	\$ 2,425,506
181.91%	236.92%	189.54%	176.09%	205.10%
69.50%	62.98%	69.16%	71.70%	65.52%

2018	2017	2016	2015	2014
0.0932440%	0.0935143%	0.0937433%	0.0947171%	0.0947171%
\$ 22,150,305	\$ 31,302,055	\$ 25,907,909	\$ 23,038,465	\$ 27,443,268
\$ 10,459,350	\$ 10,007,457	\$ 9,907,507	\$ 9,875,246	\$ 9,935,785
211.78%	312.79%	261.50%	233.30%	276.21%
75.30%	66.80%	72.10%	74.70%	69.30%

**Geneva Area City School District**  
**Required Supplementary Information**  
**Schedule of School District Contributions - Pension**  
**Last Ten Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>School Employees Retirement System (SERS) of Ohio</b>					
Contractually required contribution	\$ 405,744	\$ 362,750	\$ 356,945	\$ 409,522	\$ 335,694
Contributions in relation to contractually required contribution	<u>(405,744)</u>	<u>(362,750)</u>	<u>(356,945)</u>	<u>(409,522)</u>	<u>(335,694)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 2,898,171	\$ 2,591,071	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%	13.50%

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>					
Contractually required contribution	\$ 1,569,457	\$ 1,478,849	\$ 1,432,795	\$ 1,510,424	\$ 1,497,641
Contributions in relation to contractually required contribution	<u>(1,569,457)</u>	<u>(1,478,849)</u>	<u>(1,432,795)</u>	<u>(1,510,424)</u>	<u>(1,497,641)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 11,210,407	\$ 10,563,207	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 357,340	\$ 355,788	\$ 331,444	\$ 333,227	\$ 335,690
<u>(357,340)</u>	<u>(355,788)</u>	<u>(331,444)</u>	<u>(333,227)</u>	<u>(335,690)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,552,429	\$ 2,541,343	\$ 2,514,750	\$ 2,404,235	\$ 2,425,506
14.00%	14.00%	13.18%	13.86%	13.84%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,464,309	\$ 1,401,044	\$ 1,387,051	\$ 1,283,782	\$ 1,291,652
<u>(1,464,309)</u>	<u>(1,401,044)</u>	<u>(1,387,051)</u>	<u>(1,283,782)</u>	<u>(1,291,652)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,459,350	\$ 10,007,457	\$ 9,907,507	\$ 9,875,246	\$ 9,935,785
14.00%	14.00%	14.00%	13.00%	13.00%

**Geneva Area City School District**  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)**  
**Last Six Fiscal Years (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>School Employees Retirement System (SERS) of Ohio</b>				
School District's proportion of the net OPEB liability	0.079603%	0.075859%	0.072022%	0.076841%
School District's proportionate share of the net OPEB liability	\$ 1,506,554	\$ 1,648,667	\$ 1,811,212	\$ 2,131,766
School District's covered payroll	\$ 2,591,071	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.14%	64.66%	59.71%	85.73%
Plan fiduciary net position as a percentage of total OPEB liability	24.08%	18.17%	15.57%	13.57%
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>				
School District's proportion of the net OPEB asset or liability	0.0856059%	0.0848018%	0.0877366%	0.0935489%
School District's proportionate share of the net OPEB (asset) liability	\$ (1,804,930)	\$ (1,490,389)	\$ (1,453,129)	\$ (1,503,235)
School District's covered payroll	\$ 10,563,207	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-17.09%	-14.56%	-13.47%	-14.05%
Plan fiduciary net position as a percentage of total OPEB (asset) liability	174.70%	182.10%	174.70%	176.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.



<u>2018</u>	<u>2017</u>
0.078941%	0.083533%
\$ 2,118,574	\$ 2,381,008
\$ 2,552,429	\$ 2,541,343
83.00%	93.69%
12.46%	11.49%

<u>2018</u>	<u>2017</u>
0.0932440%	0.0935143%
\$ 3,638,036	\$ 5,001,169
\$ 10,459,350	\$ 10,007,457
34.78%	49.97%
47.10%	37.30%

**Geneva Area City School District**  
**Required Supplementary Information**  
**Schedule of School District Contributions - OPEB**  
**Last Ten Fiscal Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>School Employees Retirement System (SERS) of Ohio</b>					
Contractually required contribution (1)	\$ 53,585	\$ 50,728	\$ 50,585	\$ 60,089	\$ 55,896
Contributions in relation to contractually required contribution	<u>(53,585)</u>	<u>(50,728)</u>	<u>(50,585)</u>	<u>(60,089)</u>	<u>(55,896)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 2,898,171	\$ 2,591,071	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622
Contributions as a percentage of covered payroll	1.85%	1.96%	1.98%	1.98%	2.25%

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 11,210,407	\$ 10,563,207	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 43,409	\$ 42,994	\$ 65,558	\$ 46,549	\$ 46,329
<u>(43,409)</u>	<u>(42,994)</u>	<u>(65,558)</u>	<u>(46,549)</u>	<u>(46,329)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,552,429	\$ 2,541,343	\$ 2,514,750	\$ 2,404,235	\$ 2,425,506
1.70%	1.69%	2.61%	1.94%	1.91%

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ 98,752	\$ 99,358
<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,752)</u>	<u>(99,358)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,459,350	\$ 10,007,457	\$ 9,907,507	\$ 9,875,246	\$ 9,935,785
0.00%	0.00%	0.00%	1.00%	1.00%

***Geneva Area City School District***  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2022**

**Net Pension Liability**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2022. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2022. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2022. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2022. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**Net OPEB Liability**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2022. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2022. See the notes to the basic financial statements for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2022. See the notes to the basic financial statements for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2022. See the notes to the basic financial statements for the methods and assumptions in this calculation.

GENEVA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education</i>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	2022	\$173,404
National School Lunch Program	10.555	2022	852,655
COVID-19 - National School Lunch Program	10.555	2022	27,232
Non-Cash Food Commodities	10.555	2022	96,135
<b>Subtotal Child Nutrition Cluster</b>			<b><u>1,149,426</u></b>
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	2022	<u>3,063</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>1,152,489</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education</i>			
Title I - Grants to Local Educational Agencies	84.010A	2021	111,199
Title I - Grants to Local Educational Agencies	84.010A	2022	631,701
<b>Subtotal Title I - Grants to Local Educational Agencies</b>			<b><u>742,900</u></b>
<i>Special Education Cluster:</i>			
IDEA-B - Special Education Grants to State	84.027A	2021	95,858
IDEA-B - Special Education Grants to State	84.027A	2022	373,049
COVID-19 - IDEA-B - Special Education Grants to State	84.027X	2022	75,645
Special Education - Preschool Grants	84.173A	2022	9,804
<b>Subtotal - Special Education Cluster</b>			<b><u>554,356</u></b>
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) I	84.425D	2022	146,834
COVID-19 - ESSER II	84.425D	2022	1,232,998
<b>Subtotal ESSER</b>			<b><u>1,379,832</u></b>
<b>Total U.S. Department of Education</b>			<b><u>2,677,088</u></b>
<b><u>U.S. DEPARTMENT OF TREASURY:</u></b>			
<i>Passed Through the Ohio Department of Education</i>			
COVID-19 - Broadband Ohio Connectivity	21.019	2022	<b>8,529</b>
<i>Direct Funding Through the Federal Communications Commission</i>			
COVID-19 - Emergency Connectivity Fund Program	32.009	2022	<u>101,785</u>
<b>Total U.S. Department of Treasury</b>			<b><u>110,314</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$3,939,891</u></u></b>

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

**GENEVA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Geneva Area City School District (the District) under programs of the federal government for the year ended June 30, 2022. 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 entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2022, the District made allowable ESEA flexibility transfers of \$82,063 from the Title II-A (AL #84.367) program to the Title I (AL #84.010) program and transfers of \$40,326 from the Title IV-A (AL #84.424) program to the Title I (AL #84.010) program. The Schedule shows the District spent approximately \$82,063 on the Title II-A program and \$40,326 on the Title IV-A program. The Title II-A and Title IV-A programs transfers are excluded on the Schedule. The amounts transferred to the Title I program are included as Title I expenditures when disbursed. The following table shows the gross amounts drawn for the Title II-A and Title IV-A programs during fiscal year 2022 and the amounts transferred to the Title I program.

Title II-A	\$ 82,063
Transfer to Title I	<u>(82,063)</u>
<b>Total Title II-A</b>	<b><u>\$ 0</u></b>
Title IV-A	\$ 40,326
Transfer to Title I	<u>(40,326)</u>
<b>Total Title IV-A</b>	<b><u>\$ 0</u></b>

# OHIO AUDITOR OF STATE KEITH FABER



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

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

Geneva Area City School District  
Ashtabula County  
135 South Eagle Street  
Geneva, Ohio 44041

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Geneva Area City School District, Ashtabula County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 23, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***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

February 23, 2023



# OHIO AUDITOR OF STATE KEITH FABER



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

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

Geneva Area City School District  
Ashtabula County  
135 South Eagle Street  
Geneva, Ohio 44041

To the Board of Education:

### Report on Compliance for the Major Federal Program

#### *Opinion on the Major Federal Program*

We have audited Geneva Area City School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Geneva Area City School District's major federal program for the year ended June 30, 2022. Geneva Area City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Geneva Area City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### *Basis for Opinion on the Major Federal Program*

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 23, 2023

**This Page Intentionally Left Blank**

**GENEVA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

# OHIO AUDITOR OF STATE KEITH FABER



**GENEVA AREA CITY SCHOOL DISTRICT**

**ASHTABULA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/14/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)