OHIO AUDITOR OF STATE
KEITH FABER

JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2022

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TRUMBULL COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Joseph Badger Local School District
Trumbull County
7119 State Route 7
Kinsman, Ohio 44428

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 Joseph Badger Local School District, Trumbull 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 Joseph Badger Local School District, Trumbull 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 23 to the financial statements, during 2022, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Additionally, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 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

March 23, 2023

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The discussion and analysis of Joseph Badger Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- Net position increased in fiscal year 2022 due mainly to changes in the net pension and net OPEB liabilities (asset) and the deferred outflows and deferred inflows of resources associated with these liabilities. Net position was also affected by an increase in cash from offsetting expenses to the COVID-19 funds.

- Total program expenses decreased in fiscal year 2021 due to changes in the net pension liability and net OPEB liability (asset) that are the result of the School District's adjusting proportionate share of State-wide liabilities (asset) for both pension and OPEB across retirement systems.

- Governmental capital asset additions in fiscal year 2022 included various technology and food service equipment and a hot water heater.

- The School District made an annual debt payment on the refunded debt further reducing the liability.

- The School District's enrollment decreased from 676 students in fiscal year 2021 to 673 students in fiscal year 2022.

Using this Annual Financial Report

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

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the School District as a whole, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Joseph Badger Local School District, the general fund, the bond retirement debt service fund and the permanent improvement capital projects fund are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While these statements contain information about the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting*, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the School District as a whole the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's current property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

The analysis of the School District's major funds begins with the balance sheet. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement debt service fund and the permanent improvement capital projects fund.

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

Proprietary Funds The School District maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service fund accounts for revenues used to account for the expenses related to a dental fund designed to defray unforeseen healthcare expenses.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2022 compared to fiscal year 2021.

Table 1
Net Position - Governmental Activities

	2022	Restated 2021	Change
Assets			
Current and Other Assets	$13,839,268	$12,355,526	$1,483,742
Noncurrent Assets:			
Net OPEB Asset	571,190	480,167	91,023
Capital Assets, Net	14,640,699	15,704,534	(1,063,835)
Total Assets	29,051,157	28,540,227	510,930
Deferred Outflows of Resources			
Deferred Charge on Refunding	38,356	42,436	(4,080)
Pension	1,848,906	1,566,077	282,829
OPEB	267,454	275,000	(7,546)
Total Deferred Outflows of Resources	2,154,716	1,883,513	271,203
Liabilities			
Current and Other Liabilities	997,096	1,021,354	24,258
Long-Term Liabilities:			
Due Within One Year	575,059	521,584	(53,475)
Due in More Than One Year			
Net Pension Liability	4,767,300	8,823,967	4,056,667
Net OPEB Liability	690,764	757,130	66,366
Other Amounts	5,540,657	6,032,394	491,737
Total Liabilities	12,570,876	17,156,429	4,585,553
Deferred Inflows of Resources			
Property Taxes	3,965,287	3,938,760	(26,527)
Pension	4,004,983	384,019	(3,620,964)
OPEB	1,076,488	980,173	(96,315)
Total Deferred Inflows of Resources	9,046,758	5,302,952	(3,743,806)
Net Position			
Net Investment in Capital Assets	9,448,874	10,072,287	(623,413)
Restricted for:			
Capital Projects	1,777,491	1,531,742	245,749
Debt Service	675,933	659,642	16,291
Other Purposes	563,882	713,874	(149,992)
Unrestricted (Deficit)	(2,877,941)	(5,013,186)	2,135,245
Total Net Position	$9,588,239	$7,964,359	$1,623,880

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by $9,588,239 in fiscal year 2022 and $7,964,359 in fiscal year 2021.

A large portion of the School District's net position reflects "Net Investment in Capital Assets" (i.e. land, buildings, improvements, furniture, equipment, vehicles, textbooks and intangible right to use - equipment) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its 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 resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets increased due mainly to an increase in cash as expenses were able to be paid from COVID-19 distributions, offset by current year depreciation on capital assets outpacing additions. Liabilities decreased from a decrease in the liability associated with the bonded debt coupled with changes in the net pension liability and net OPEB liability (asset) and the deferred outflows and deferred inflows of resources associated with these liabilities.

In order to further understand what makes up the changes in net position for the current fiscal year, the following table gives readers further details regarding the results of activities for the current fiscal year. Table 2 shows total revenues, expenses and changes in net position for the fiscal years 2022 and 2021.

Table 2
Changes in Net Position
Governmental Activities

	2022	2021	Change
Program Revenues			
Charges for Services and Sales	$248,712	$476,485	($227,773)
Operating Grants and Contributions	2,363,086	1,703,067	660,019
Total Program Revenues	2,611,798	2,179,552	432,246
General Revenues			
Property Taxes	3,910,434	3,935,830	(25,396)
Grants and Entitlements not Restricted to Specific Programs	5,148,287	5,036,392	111,895
Investment Earnings	(21,282)	12,993	(34,275)
Miscellaneous	14,623	11,345	3,278
Total General Revenues	9,052,062	8,996,560	55,502
Total Revenues	11,663,860	11,176,112	487,748
Program Expenses			
Instruction:			
Regular	4,355,790	4,559,467	203,677
Special	921,659	1,370,339	448,680
Student Intervention Services	162,989	235,111	72,122
Support Services:			
Pupils	509,622	479,270	(30,352)
Instructional Staff	137,592	62,204	(75,388)
Board of Education	138,831	125,348	(13,483)
Administration	723,693	863,283	139,590
Fiscal	456,500	505,816	49,316
Operation and Maintenance of Plant	923,847	735,496	(188,351)
Pupil Transportation	637,331	631,964	(5,367)
Central	135,736	198,748	63,012
Food Service Operations	453,160	463,935	10,775
Operation of Non-Instructional Services	0	488,011	488,011
Extracurricular Activities	361,337	318,183	(43,154)
Interest and Fiscal Charges	121,893	136,431	14,538
Total Program Expenses	10,039,980	11,173,606	1,133,626
Change in Net Position	1,623,880	2,506	1,621,374
Net Position Beginning of Year - Restated	7,964,359	7,961,853	2,506
Net Position End of Year	$9,588,239	$7,964,359	$1,623,880

Analysis of overall financial position and results of operations

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Overall revenues increased during fiscal year 2022 due mainly to the increase in operating grants and grants and entitlements not restricted. The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District. Program revenue operating grants had an increase in fiscal year 2022 as the School District continues to actively seek out additional sources of funding to assist in the education of their students and faculty along with COVID-19 distributions.

The largest component of the decrease in program expenses results from changes in assumptions and benefit terms related to NPL and OPEB in the prior year. Increased amortization of the net difference between projected and actual earnings on investment resulted in changes to pension expenses for NPL and OPEB of ($72,127) and ($30,964), respectively, in fiscal year 2022.

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

The negative amounts indicated in Table 3 should not be construed as something bad; they are merely indicative of whether a particular function of government relies on general revenues for financing or is a net contributor of resources to the School District. Clearly, the communities that comprise the School District are, by far, the greatest source of financial support for the students of the Joseph Badger Local School District.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2022		2021	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	$5,440,438	($3,576,983)	$6,164,917	($4,517,917)
Support Services:				
Pupils and Instructional Staff	647,214	(618,963)	541,474	(514,463)
Board of Education, Administration, and Fiscal	1,319,024	(1,316,853)	1,494,447	(1,492,772)
Operation and Maintenance of Plant	923,847	(899,964)	735,496	(711,560)
Pupil Transportation	637,331	(616,981)	631,964	(631,964)
Central	135,736	(130,336)	198,748	(169,113)
Food Service Operations	453,160	145,923	463,935	(45,568)
Other Non-Instructional Services	0	0	488,011	(488,011)
Extracurricular Activities	361,337	(292,132)	318,183	(286,255)
Interest and Fiscal Charges	121,893	(121,893)	136,431	(136,431)
Total	$10,039,980	($7,428,182)	$11,173,606	($8,994,054)

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to expenditures being paid from COVID-19 distributions from the federal government instead of the general fund. The bond retirement fund had an increase in fund balance as revenues collected were higher than the annual principal and interest payment on the outstanding debt issue. The permanent improvement fund had an increase in fund balance due to receiving a transfer from the general fund in order to fund future capital projects.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District amended its general fund by a small percentage. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management.

For the general fund, the final budget basis revenue was less than the original budget estimate. The change was attributed to decreases in estimates for property taxes and intergovernmental revenues as more accurate information became available to the School District. Actual expenditures are less than the original budget amount due to careful monitoring by management as well as expending monies out of the COVID-19 fund instead of the general fund.

Capital Assets and Debt Administration

Capital Assets

For fiscal year 2022, capital assets decreased due to depreciation exceeding additions. Governmental capital asset additions in fiscal year 2022 included various technology and food service equipment along with a hot water heater. See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt

At June 30, 2022 the School District has one general obligation bond issue outstanding, the 2019 Various Purpose Refunding Bonds consisting of serial bonds. The refunding of the 2012 issue resulted in an accounting loss of $50,256 to be amortized over the life of the loan along with an economic gain of $351,465. There was $13,986 in accrued interest payable on this issue. The School District's overall legal debt margin is $8.495 million. See Note 15 to the basic financial statements for detail on the School District's long-term obligations.

School District Outlook

The School District is determined to do all that it can to remain solvent and to avoid passing a new levy. The School District currently has two emergency levies. This levy position is precarious because these levies require voter approval at the end of their ten year lives and also because the dollar amount is fixed and does not compensate for inflation. The Board has discussed several alternative tax strategies.

We are dependent on outside factors for our future success. The Ohio School Funding Formula provides most of the revenue for Joseph Badger Local Schools. While a substantial increase in the State's financial efforts would be justified and welcomed, our five year forecasts do not take this possibility into account.

The health care insurance consortium to which Joseph Badger belongs has a reasonable cash balance. Health care costs containment has become a large issue for the future. Management negotiated a contract that will require employee contributions, increased office co-pays, increased drug co-pays and higher deductibles. Additionally, employees were required to have their spouses take single coverage if they were eligible at a reasonable cost of below $250 per month. This ensures that the claims of spouses stay with the responsible employer.

Joseph Badger Local School District has teachers approaching retirement. Often if a senior teacher retires, they are replaced at a much lower cost. This will have a positive effect on School District finances.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Gregory Sciola, Treasurer at Joseph Badger Local School District, 7119 St. Rt. 7, Kinsman, Ohio 44428 or call (330) 876-2812 or e-mail greg.sciola@badgerbraves.org.

Basic Financial Statements

Joseph Badger Local School District

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$9,282,315
Accounts Receivable	49,284
Intergovernmental Receivable	134,691
Accrued Interest Receivable	7,616
Prepaid Items	4,682
Property Taxes Receivable	4,360,680
Net OPEB Asset	571,190
Nondepreciable Capital Assets	528,682
Depreciable Capital Assets, Net	14,112,017
Total Assets	29,051,157
Deferred Outflows of Resources	
Deferred Charge on Refunding	38,356
Pension	1,848,906
OPEB	267,454
Total Deferred Outflows of Resources	2,154,716
Liabilities	
Accounts Payable	23,766
Accrued Wages and Benefits	542,821
Intergovernmental Payable	406,323
Accrued Interest Payable	13,986
Claims Payable	10,200
Long-Term Liabilities:	
Due Within One Year	575,059
Due In More Than One Year:	
Net Pension Liability (See Note 10)	4,767,300
Net OPEB Liability (See Note 11)	690,764
Other Amounts	5,540,657
Total Liabilities	12,570,876
Deferred Inflows of Resources	
Property Taxes	3,965,287
Pension	4,004,983
OPEB	1,076,488
Total Deferred Inflows of Resources	9,046,758
Net Position	
Net Investment in Capital Assets	9,448,874
Restricted for:	
Capital Projects	1,777,491
Debt Service	675,933
Other Purposes	563,882
Unrestricted (Deficit)	(2,877,941)
Total Net Position	$9,588,239

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$4,355,790	$151,654	$992,343	($3,211,793)
Special	921,659	14,936	699,956	(206,767)
Student Intervention Services	162,989	4,566	0	(158,423)
Support Services:				
Pupils	509,622	0	0	(509,622)
Instructional Staff	137,592	0	28,251	(109,341)
Board of Education	138,831	2,171	0	(136,660)
Administration	723,693	0	0	(723,693)
Fiscal	456,500	0	0	(456,500)
Operation and Maintenance of Plant	923,847	0	23,883	(899,964)
Pupil Transportation	637,331	0	20,350	(616,981)
Central	135,736	0	5,400	(130,336)
Food Service Operations	453,160	6,180	592,903	145,923
Extracurricular Activities	361,337	69,205	0	(292,132)
Interest and Fiscal Charges	121,893	0	0	(121,893)
Totals	$10,039,980	$248,712	$2,363,086	(7,428,182)
	General Revenues			
	Property Taxes Levied for:			
	General Purposes			3,378,577
	Debt Service			484,806
	Facilities Maintenance			47,051
	Grants and Entitlements not Restricted to Specific Programs			5,148,287
	Investment Earnings			(21,282)
	Miscellaneous			14,623
	Total General Revenues			9,052,062
	Change in Net Position			1,623,880
	Net Position Beginning of Year - (Restated - See Note 23)			7,964,359
	Net Position End of Year			$9,588,239

See accompanying notes to the basic financial statements

Joseph Badger Local School District
Balance Sheet
Governmental Funds
June 30, 2022

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$6,245,920	$638,925	$1,777,491	$555,932	$9,218,268
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	8,645	0	0	0	8,645
Property Taxes Receivable	3,767,375	540,751	0	52,554	4,360,680
Accounts Receivable	15,138	0	0	34,146	49,284
Accrued Interest Receivable	7,395	0	0	221	7,616
Intergovernmental Receivable	31,518	0	0	103,173	134,691
Interfund Receivable	115,947	0	0	0	115,947
Prepaid Items	4,682	0	0	0	4,682
Total Assets	$10,196,620	$1,179,676	$1,777,491	$746,026	$13,899,813
Liabilities					
Accounts Payable	$12,711	$0	$0	$11,055	$23,766
Accrued Wages and Benefits	531,089	0	0	11,732	542,821
Interfund Payable	0	0	0	115,947	115,947
Intergovernmental Payable	403,357	0	0	2,966	406,323
Total Liabilities	947,157	0	0	141,700	1,088,857
Deferred Inflows of Resources					
Property Taxes	3,427,696	489,757	0	47,834	3,965,287
Unavailable Revenue	357,657	48,961	0	30,669	437,287
Total Deferred Inflows of Resources	3,785,353	538,718	0	78,503	4,402,574
Fund Balances					
Nonspendable	13,327	0	0	0	13,327
Restricted	0	640,958	1,777,491	538,597	2,957,046
Committed	213,464	0	0	0	213,464
Assigned	715,209	0	0	0	715,209
Unassigned (Deficit)	4,522,110	0	0	(12,774)	4,509,336
Total Fund Balances	5,464,110	640,958	1,777,491	525,823	8,408,382
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$10,196,620	$1,179,676	$1,777,491	$746,026	$13,899,813

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		$8,408,382
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.		14,640,699
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable revenues in the funds:		
Delinquent Property Taxes	379,632	
Intergovernmental	491	
Charges for Services	26,137	
Tuition and Fees	31,027	
Total		437,287
The 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 governmental activities in the statement of net position.		45,202
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(13,986)
The net OPEB asset, net pension liability and net OPEB liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	571,190	
Deferred Outflows - Pension	1,848,906	
Deferred Outflows - OPEB	267,454	
Net Pension Liability	(4,767,300)	
Net OPEB Liability	(690,764)	
Deferred Inflows - Pension	(4,004,983)	
Deferred Inflows - OPEB	(1,076,488)	
Total		(7,851,985)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Deferred Charge on Refunding	38,356	
General Obligation Bonds	(5,214,154)	
Leases	(16,027)	
Compensated Absences	(885,535)	
Total		(6,077,360)
Net Position of Governmental Activities		$9,588,239

See accompanying notes to the basic financial statements

Joseph Badger Local 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	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	$3,440,457	$494,952	$0	$47,848	$3,983,257
Intergovernmental	5,387,858	90,528	0	2,032,496	7,510,882
Interest	(21,919)	0	0	637	(21,282)
Tuition and Fees	57,174	0	0	3,375	60,549
Charges for Services	79,580	0	0	53,695	133,275
Extracurricular Activities	17,681	0	0	21,593	39,274
Miscellaneous	0	0	0	14,623	14,623
Total Revenues	8,960,831	585,480	0	2,174,267	11,720,578
Expenditures					
Current:					
Instruction:					
Regular	2,777,318	0	0	992,343	3,769,661
Special	618,042	0	0	392,171	1,010,213
Student Intervention Services	182,306	0	0	0	182,306
Support Services:					
Pupils	294,028	0	0	245,530	539,558
Instructional Staff	46,842	0	0	88,934	135,776
Board of Education	138,647	0	0	0	138,647
Administration	804,195	0	0	0	804,195
Fiscal	481,145	9,968	0	961	492,074
Operation and Maintenance of Plant	834,275	0	0	111,577	945,852
Pupil Transportation	648,124	0	0	0	648,124
Central	147,045	0	0	5,400	152,445
Food Service Operations	0	0	0	459,812	459,812
Extracurricular Activities	259,707	0	0	72,142	331,849
Capital Outlay	12,094	0	4,251	0	16,345
Debt Service:					
Principal Retirement	12,778	375,000	0	0	387,778
Interest and Fiscal Charges	462	175,325	0	0	175,787
Total Expenditures	7,257,008	560,293	4,251	2,368,870	10,190,422
Excess of Revenues Over (Under) Expenditures	1,703,823	25,187	(4,251)	(194,603)	1,530,156
Other Financing Sources (Uses)					
Transfers In	0	0	250,000	50,000	300,000
Transfers Out	(300,000)	0	0	0	(300,000)
Total Other Financing Sources (Uses)	(300,000)	0	250,000	50,000	0
Net Change in Fund Balances	1,403,823	25,187	245,749	(144,603)	1,530,156
Fund Balances Beginning of Year	4,060,287	615,771	1,531,742	670,426	6,878,226
Fund Balances End of Year	$5,464,110	$640,958	$1,777,491	$525,823	$8,408,382

See accompanying notes to the basic financial statements

Joseph Badger Local School District

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

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$1,530,156
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	83,950	
Current Year Depreciation	(1,142,731)	
Total		(1,058,781)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(5,054)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(72,823)	
Intergovernmental	491	
Charges for Services	(15,413)	
Tuition and Fees	31,027	
Total		(56,718)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		387,778
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Accrued Interest	1,250	
Amortization of Deferred Charges on Refunding	(4,080)	
Amortization of Premium on Bonds	56,724	
Total		53,894
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	646,405	
OPEB	22,564	
Total		668,969
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:		
Pension	72,127	
OPEB	30,964	
Total		103,091
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(6,240)
The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the district-wide statements of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		6,785
Change in Net Position of Governmental Activities		$1,623,880

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$3,570,407	$3,456,502	$3,456,502	$0
Intergovernmental	5,470,351	5,389,754	5,389,754	0
Interest	15,689	15,188	15,188	0
Tuition and Fees	59,058	57,174	57,174	0
Charges for Services	88,315	85,498	85,498	0
Miscellaneous	181	491	191	(300)
Total Revenues	9,204,001	9,004,607	9,004,307	(300)
Expenditures				
Current:				
Instruction:				
Regular	3,208,267	2,876,240	2,876,240	0
Special	1,078,856	542,659	542,659	0
Student Intervention Services	231,570	195,493	195,493	0
Support Services:				
Pupils	485,611	241,545	241,545	0
Instructional Staff	34,583	35,951	35,951	0
Board of Education	120,421	69,915	69,915	0
Administration	826,668	815,723	815,723	0
Fiscal	464,053	490,672	490,672	0
Operation and Maintenance of Plant	732,049	988,302	988,302	0
Pupil Transportation	560,084	652,381	652,381	0
Central	166,441	154,461	154,461	0
Operation of Non-Instructional Services	505,971	0	0	0
Extracurricular Activities	222,479	257,129	257,129	0
Capital Outlay	22,641	80,712	80,712	0
Total Expenditures	8,659,694	7,401,183	7,401,183	0
Excess of Revenues Over (Under) Expenditures	544,307	1,603,424	1,603,124	(300)
Other Financing Sources (Uses)				
Transfers Out	(318,814)	(380,000)	(380,000)	0
Net Change in Fund Balance	225,493	1,223,424	1,223,124	(300)
Fund Balance Beginning of Year	4,549,049	4,549,049	4,549,049	0
Prior Year Encumbrances Appropriated	84,911	84,911	84,911	0
Fund Balance End of Year	$4,859,453	$5,857,384	$5,857,084	($300)

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Fund Net Position

Internal Service Fund

June 30, 2022

Assets	
Equity in Pooled Cash and Cash Equivalents	$55,402
Liabilities	
Current Liabilities:	
Claims Payable	10,200
Net Position	
Unrestricted	$45,202

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Revenues,

Expenses and Changes in Fund Net Position

Internal Service Fund

For the Fiscal Year Ended June 30, 2022

Operating Revenues	
Charges for Services	$65,880
Operating Expenses	
Purchased Services	5,399
Claims	53,696
Total Operating Expenses	59,095
Change in Net Position	6,785
Net Position Beginning of Year	38,417
Net Position End of Year	$45,202

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Cash Flows

Internal Service Fund

For the Fiscal Year Ended June 30, 2022

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Charges for Services	$65,880
Cash Payments for Goods and Services	(5,399)
Cash Payments for Claims	(53,896)
Net Increase (Decrease) in Cash and Cash Equivalents	6,585
Cash and Cash Equivalents Beginning of Year	48,817
Cash and Cash Equivalents End of Year	$55,402
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) by Operating Activities	
Operating Income (Loss)	$6,785
Adjustments:	
Increase/(Decrease) in Liabilities:	
Claims Payable	(200)
Net Cash Provided by (Used for) Operating Activities	$6,585

See accompanying notes to the basic financial statements

Joseph Badger Local School District

Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2019

Assets	
Equity in Pooled Cash and Cash Equivalents	$0
Liabilities	
Due to Students	$0

See accompanying notes to the basic financial statements

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. This Board of Education controls the School District's four instructional/support facilities staffed by 38 classified employees, 43 certified full-time teaching personnel, and five administrators who provide services to 673 students and other community members.

Reporting Entity

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

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

The School District participates in two jointly governed organizations and three public entity risk pools and is associated with a related organization. These organizations are presented in Notes 18, 19 and 20 to the financial statements. These organizations are:

Jointly Governed Organizations:
- Trumbull County Career and Technical Center
- Northeast Ohio Management Information Network

Public Entity Risk Pools:
- Ohio School Boards Association Workers' Compensation Group Rating Program
- Trumbull County Schools Employee Insurance Benefits Consortium
- Schools of Ohio Risk Sharing Authority

Related Organization:
- Kinsman Public Library

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. These statements distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

> ***General Fund*** – The general fund is used to account for and report all financial resources, except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** – The bond retirement fund accounts for and reports property tax revenues that are restricted for payment of principal and interest and fiscal charges on general obligation debt.
>
> ***Permanent Improvement Fund*** – The permanent improvement fund accounts for and reports transfers restricted for the acquisition or construction of major capital facilities.

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

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

> ***Internal Service Fund*** The internal service fund accounts for 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 utilizes an internal service fund to account for the operation of the School District's self insurance program for employee dental benefits.

Measurement Focus

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

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for proprietary are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the 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, grants, interest, tuition, and student fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding debt, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, charges for services, tuition and fees and intergovernmental revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11)

Expenditures/Expenses 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.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the original and final appropriations were passed by the Board of Education. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue closely matches actual revenue for the fiscal year.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the School District passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances.

Cash and Cash Equivalents

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

During fiscal year 2022, the School District's investments were limited to money market accounts, negotiable certificates of deposit and STAR Ohio. Investments are reported at fair value which is based on quoted market prices. The fair value of the money market fund and negotiable certificates of deposit is determined by the current share price. The fair value of investments declined during fiscal year 2022 resulting in negative investment earnings of $44,701.

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to ($21,919), which includes ($7,579) assigned from other School District funds.

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

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund are for unclaimed funds.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expense/expenditure in the year in which services are consumed.

Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	20-50 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years
Textbooks	5 years

The School District is reporting intangible right to use assets related to leased equipment. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Internal Activity

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

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

Interfund Balances

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for instruction, support services and extracurricular activities.

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

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for school support and to cover a gap between estimated revenue and appropriations in fiscal year 2023's budget.

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

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

Operating Revenues and Expenses

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

Deferred Charge on Refunding

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

Bond Premiums

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

Estimates

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

Note 3 – Accountability

At June 30, 2022, the title I and title II-A special revenue funds had deficit fund balances of $6,856 and $5,918, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 – 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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total
Nonspendable					
Unclaimed Monies	$8,645	$0	$0	$0	$8,645
Prepaids	4,682	0	0	0	4,682
Total Nonspendable	13,327	0	0	0	13,327
Restricted for					
Food Service	0	0	0	237,971	237,971
Scholarships	0	0	0	21,698	21,698
Classroom Facilities Maintenance	0	0	0	102,675	102,675
Student Activities and Wellness	0	0	0	135,918	135,918
Athletics	0	0	0	33,055	33,055
Preschool	0	0	0	7,280	7,280
Debt Service Payments	0	640,958	0	0	640,958
Capital Improvements	0	0	1,777,491	0	1,777,491
Total Restricted	0	640,958	1,777,491	538,597	2,957,046
Committed to					
Employee Services	213,464	0	0	0	213,464
Assigned to					
Public School Support	123,846	0	0	0	123,846
Purchases on Order					
Instruction	6,844	0	0	0	6,844
Support Services	149,801	0	0	0	149,801
Capital Outlay	68,618	0	0	0	68,618
Fiscal Year 2023 Operations	366,100	0	0	0	366,100
Total Assigned	715,209	0	0	0	715,209
Unassigned (Deficit)	4,522,110	0	0	(12,774)	4,509,336
Total Fund Balances	$5,464,110	$640,958	$1,777,491	$525,823	$8,408,382

Note 5 - Budgetary Basis of Accounting

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

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. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).
4. Budgetary revenues and expenditures of the public school support and the employee severance funds are classified to general fund for GAAP Reporting.
5. Investments are reported at cost (budget) rather than fair value (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
GAAP Basis	$1,403,823
Net Adjustment for Revenue Accruals	94,803
Beginning Fair Value Adjustment for Investments	605
Ending Fair Value Adjustment for Investments	44,701
Net Adjustment for Expenditure Accruals	(93,190)
Perspective Difference:	
Public School Support	33,222
Employee Severance	(35,202)
Encumbrances	(225,638)
Budget Basis	$1,223,124

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

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

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

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

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

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

7. The State Treasurer's investment pool (STAR Ohio); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

As of June 30, 2022, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
STAR Ohio	$7,471,602	Average 35.3 Days	AAAm	N/A
Fair Value - Level One Inputs				
Money Market Account	338,797	Less than one year	AAAm	3.66%
Fair Value - Level Two Inputs				
Negotiable Certificates of Deposit	1,449,299	Less than two years	AAA	15.65%
Total Investments	$9,259,698			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. The money market account is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investment is measured at fair value is valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 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 are established by State law at thirty-five percent of appraised market value. Real property 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 revenues received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 become a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2022 was $13,540 in the general fund, $188 in the non-major classroom facilities maintenance special revenue fund and $2,033 in the bond retirement debt service fund. The amount available as an advance at June 30, 2021 was $29,585 in the general fund, $406 in the non-major classroom facilities maintenance special revenue fund and $4,507 in the bond retirement debt service fund.

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

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

	2021 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residental and Other Real Estate	$134,875,060	93.57 %	$135,610,810	93.39 %
Public Utility Personal	9,274,860	6.43	9,592,500	6.61
Total	$144,149,920	100.00 %	$145,203,310	100.00 %
Tax rate per $1,000 of assessed valuation	$37.50		$37.15	

Note 8 – Capital Assets

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

	Restated Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022
Governmental Activities				
Capital Assets not being Depreciated:				
Land	$528,682	$0	$0	$528,682
Capital Assets being Depreciated:				
Land Improvements	4,260,070	0	0	4,260,070
Building and Improvements	24,111,498	0	0	24,111,498
Furniture and Equipment	1,958,803	81,532	(15,270)	2,025,065
Vehicles	1,113,663	0	0	1,113,663
Textbooks	690,629	2,418	(2,176)	690,871
Intangible Right to Use Lease - Equipment **	32,850	0	0	32,850
Total Capital Assets being Depreciated:	32,167,513	83,950	(17,446)	32,234,017
Less Accumulated Depreciation:				
Land Improvements	(3,081,135)	(212,557)	0	(3,293,692)
Building and Improvements	(11,017,696)	(762,168)	0	(11,779,864)
Furniture and Equipment	(1,406,711)	(100,937)	10,216	(1,497,432)
Vehicles	(837,737)	(35,420)	0	(873,157)
Textbooks	(648,382)	(23,668)	2,176	(669,874)
Intangible Right to Use Lease - Equipment **	0	(7,981)	0	(7,981)
Total Accumulated Depreciation	(16,991,661)	(1,142,731) *	12,392	(18,122,000)
Total Assets being Depreciated, Net	15,175,852	(1,058,781)	(5,054)	14,112,017
Governmental Activities Capital Assets, Net	$15,704,534	($1,058,781)	($5,054)	$14,640,699

* Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	$1,022,706
Special	756
Support Services:	
Instructional Staff	1,930
Board of Education	942
Administration	1,044
Fiscal	182
Operation and Maintenance of Plant	28,676
Pupil Transportation	35,420
Central	4,169
Food Service Operations	16,018
Extracurricular Activities	30,888
Total Depreciation Expense	$1,142,731

** Of the current year depreciation total of $1,142,731, $5,290 and $2,691 is presented as regular instruction and central services expenses on the Statement of Activities related to the School District's intangible asset of copiers and a postage machine, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 9 - Receivables

Receivables at June 30, 2022, consisted of taxes, intergovernmental, tuition and accrued interest. 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 fiscal year guarantee of Federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables for governmental activities follows:

Governmental Activities	Amounts
ESSER Grant	$68,786
Foundation Adjustments	31,518
Title II-A Grant	28,251
Title I Grant	6,136
Total	$134,691

Note 10 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

The School District's contractually required contribution to SERS was $169,726 for fiscal year 2022. Of this amount $16,415 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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be 5 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 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 $476,679 for fiscal year 2022. Of this amount $53,584 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03532750%	0.02709093%	
Prior Measurement Date	0.03346210%	0.02732102%	
Change in Proportionate Share	0.00186540%	-0.00023009%	
Proportionate Share of the Net Pension Liability	$1,303,481	$3,463,819	$4,767,300
Pension Expense	($7,034)	($65,093)	($72,127)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$126	$107,015	$107,141
Changes of assumptions	27,447	960,925	988,372
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	71,788	35,200	106,988
School District contributions subsequent to the measurement date	169,726	476,679	646,405
Total Deferred Outflows of Resources	$269,087	$1,579,819	$1,848,906
Deferred Inflows of Resources			
Differences between expected and actual experience	$33,805	$21,711	$55,516
Net difference between projected and actual earnings on pension plan investments	671,331	2,985,149	3,656,480
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	7,116	285,871	292,987
Total Deferred Inflows of Resources	$712,252	$3,292,731	$4,004,983

$646,405 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($127,263)	($570,244)	($697,507)
2024	(119,951)	(480,175)	(600,126)
2025	(159,618)	(533,287)	(692,905)
2026	(206,059)	(605,885)	(811,944)
Total	($612,891)	($2,189,591)	($2,802,482)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 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	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US 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 Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

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 School District's proportionate share of the net pension liability calculated using the discount rate 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	$2,168,674	$1,303,481	$573,828

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	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	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	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 MP-2016.

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:

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
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	1.00	2.25
Total	100.00%	

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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	$6,486,437	$3,463,819	$909,714

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.

Note 11 - Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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 School District's surcharge obligation was $22,564.

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 $22,564 for fiscal year 2022. Of this amount $22,564 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for 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 Liabilities (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.03649850%	0.02709093%	
Prior Measurement Date	0.03483740%	0.02732102%	
Change in Proportionate Share	0.00166110%	-0.00023009%	
Proportionate Share of the:			
Net OPEB Liability	$690,764	$0	$690,764
Net OPEB (Asset)	$0	($571,190)	($571,190)
OPEB Expense	$6,000	($36,964)	($30,964)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$7,363	$20,339	$27,702
Changes of assumptions	108,364	36,486	144,850
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	60,688	11,650	72,338
School District contributions subsequent to the measurement date	22,564	0	22,564
Total Deferred Outflows of Resources	$198,979	$68,475	$267,454
Deferred Inflows of Resources			
Differences between expected and actual experience	$344,032	$104,653	$448,685
Changes of assumptions	94,595	340,757	435,352
Net difference between projected and actual earnings on OPEB plan investments	15,007	158,324	173,331
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	11,976	7,144	19,120
Total Deferred Inflows of Resources	$465,610	$610,878	$1,076,488

$22,564 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($64,362)	($153,084)	($217,446)
2024	(64,468)	(149,125)	(213,593)
2025	(69,004)	(151,472)	(220,476)
2026	(59,241)	(66,319)	(125,560)
2027	(26,016)	(22,904)	(48,920)
Thereafter	(6,104)	501	(5,603)
Total	($289,195)	($542,403)	($831,598)

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, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

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.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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 long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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.

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 (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	$855,940	$690,764	$558,810

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$531,832	$690,764	$903,049

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	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	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 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.

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 11.

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 School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($481,996)	($571,190)	($645,698)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($642,679)	($571,190)	($482,787)

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. The effect on the net OPEB liability is unknown.

Note 12 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire receive a severance benefit upon retirement limited to twenty-five percent of accumulated sick leave. For classified employees the maximum pay out can be one full year salary. For certified employees and certain administrators, the maximum payout is determined by their individual contracts. Only employees with 10 years of service or more, with the School District, are paid for unused sick leave at termination or resignation.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Trumbull County Schools Employee Insurance Benefits Consortium at a cost of $.105 per $1,000 for the first $50,000 and a rate that varies by age for amounts in excess of the first $50,000. The coverage provided follows:

Class	Class Description	Amount of Coverage	Class	Class Description	Amount of Coverage
I	Full Time Certified	$50,000	VI	Classified Cafeteria Aide	$12,500
II	Full Time Classified	50,000	VII	Half Day Custodial	12,500
III	Part Time Classified	25,000	VIII	Building Secretaries	25,000
IV	Treasurer	100,000	IX	Administrators	50,000
V	Half Day Classified	12,500	X	Superintendent	100,000

Note 13 – Interfund Balances and Transfers

Interfund Balances

The ESSER, title I and title II-A special revenue funds have interfund payables to the general fund in the amounts of $68,786, $12,992 and $34,169 respectively. Interfund receivables and payables are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.

Interfund Transfers

The general fund transferred $50,000 and $250,000, respectively, to the district managed activities special revenue fund and the major permanent improvement capital projects fund to help fund programs and capital projects.

Note 14 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 have been finalized which did not result in a material receivable to, or liability of, the School District.

Litigation

The School District is not party to legal proceedings.

Note 15 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2019 Various Purpose Refunding Bonds			
Serial Bonds	1.50-4.00 %	$5,880,000	2032

Changes in long-term obligations of the School District during fiscal year 2022 were as follows:

	Restated Balance 6/30/21	Additions	Deductions	Balance 6/30/22	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
2019 Various Purpose Refunding Bonds					
Serial Bonds	$5,055,000	$0	$375,000	$4,680,000	$400,000
Unamortized Premium	590,878	0	56,724	534,154	0
Total General Obligation Bonds	5,645,878	0	431,724	5,214,154	400,000
Other Long-Term Obligations					
Net Pension Liability:					
SERS	2,213,253	0	909,772	1,303,481	0
STRS	6,610,714	0	3,146,895	3,463,819	0
Total Net Pension Liability	8,823,967	0	4,056,667	4,767,300	0
Net OPEB Liability:					
SERS	757,130	0	66,366	690,764	0
Leases Payable	28,805	0	12,778	16,027	13,037
Compensated Absences	879,295	152,824	146,584	885,535	162,022
Total Other Long-Term Obligations	10,489,197	152,824	4,282,395	6,359,626	175,059
Total Governmental Activities	$16,135,075	$152,824	$4,714,119	$11,573,780	$575,059

Compensated absences will be paid from the general fund and the food service special revenue fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: general fund and the food service, pre-kindergarten, title I and title II-A special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 10 and 11. The leases payable will be paid from the general fund.

During fiscal year 2020, the School District issued $5,880,000 in various purpose refunding bonds with various interest rates ranging from 1.50 to 4.00 percent. The bonds were issued for a twelve year period with a final maturity during 2032. The proceeds were used to current refund $6,405,000 of outstanding 2012 various purpose refunding bonds which had interest rates ranging from 1.00 to 3.30 percent. Proceeds of $6,455,256 were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2012 various purpose refunding bonds are considered defeased and the liability for those bonds has been removed from the Statement of Net Position. On June 30, 2022, $5,100,000 of the defeased bonds is still outstanding.

The reacquisition price exceeded the net carrying amount of the old debt by $50,256. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The School District's overall debt margin was $8,495,102 with an unvoted debt margin of $145,203 at June 30, 2022. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2022 are as follows:

	Serial Bonds	
	Principal	Interest
2023	$400,000	$159,825
2024	400,000	143,825
2025	430,000	131,913
2026	450,000	119,000
2027	450,000	101,000
2028 - 2032	2,550,000	237,000
Total	$4,680,000	$892,563

Lease Payable - The School District has outstanding agreements to lease copiers and a postage machine. Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

	Principal	Interest
2023	$13,037	$203
2024	1,068	52
2025	1,090	30
2026	832	9
Total	$16,027	$294

Note 16 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property and fleet insurance, liability insurance and inland marine coverage. Coverage provided by SORSA is as follows:

General Liability	
Bodily Injury, Personal Injury, Products/Completed Operations	$15,000,000
Fire Legal Liability	500,000
Emplyoee Benefits Liability	15,000,000
Medical Payments Occurrence/Aggregate	10,000/25,000
General Liability Annual Aggregate	17,000,000
Educators' Legal Liability	15,000,000
Automobile Liability Bodily Injury and Property	15,000,000
Owned/Leased Vehicles includes Hired/Non-owned (no deductible)	15,000,000
Uninsured Motorists (no deductible)	1,000,000
Automobile Physical Damage ($1,000 deductible)	Actual Value
Property Insurance Limit	350,000,000
Crime, Forgery, Computer Fraud, Theft, Disappearance, Destruction	1,000,000
Earthquake and Flood ($50,000 deductible)	10,000,000
Unintentional Errors and Omissions	1,000,000
other property damage included ($1,000 deductible)	Various

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

Employee Health Benefits

The School District has contracted with Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of seventeen Trumbull County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution, which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has a right to return monies to a district subsequent to the settlement of all expenses and claims if a district withdraws from the pool.

The School District elected to provide dental coverage benefits through a self-insurance program. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a dental plan with a $75 family and $25 single deductible. A third-party administrator, Self Funded Plans Inc., located in Cleveland, Ohio, reviews all dental claims which are then paid by the School District. The School District pays into the self-insurance internal service fund $105 per family coverage and $30 per single coverage per month for dental plan. The premiums are paid by the fund that pays the salary for the employee and are based on historical cost information.

The claims liability estimated by the third party administrator to be $10,200 reported in the internal service fund at June 30, 2022 is based on the requirements of Governmental Accounting Standards Board Statement No. 30 which required that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount for 2021 and 2022 were as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2021	$8,900	$54,957	$53,457	$10,400
2022	10,400	53,696	53,896	10,200

Workers' Compensation

For fiscal year 2022, the School District participated in the Ohio School Board Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

Note 17 - Set-Aside Calculations

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

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

	Capital Improvements
Set-aside Balance as of June 30, 2021	$0
Prior Year Carryover	(5,055,000)
Current Year Set-aside Requirement	118,965
Qualifying Disbursements	(301,798)
Totals	($5,237,833)
Set-aside Balance Carried Forward to Future Fiscal Years	($4,680,000)
Set-aside Balance as of June 30, 2022	$0

The School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for capital acquisition set-asides. The negative balance being carried forward represents the still outstanding balance on the School District's Ohio Schools Facilities Commission bonds.

Note 18 – Jointly Governed Organizations

Trumbull County Career and Technical Center

The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of one representative from each of the sixteen participating school districts. The board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Joseph Badger Local School District students may attend the vocational school. The Trumbull County Career and Technical Center's Board exercises total control over the operations of the Trumbull County Career and Technical Center including budgeting, appropriation, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2022, no monies were paid to the Career and Technical Center. Financial information can be obtained from the Trumbull County Career and Technical Center, Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

Northeast Ohio Management Information Network (NEOMIN)

The Northeast Ohio Management Information Network (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 supports NEOMIN based upon a per pupil charge. The School District paid $27,883 to NEOMIN during fiscal year 2022.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members, the Trumbull and Ashtabula superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a principal and treasurer (non-voting members who must be employed by a participating school district, the fiscal agent or NEOMIN). The School District was represented on the Governing Board by the Superintendent during fiscal year 2022. NEOMIN's Board exercises total control over the operations of NEOMIN including budgeting, appropriation, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained from the Trumbull County Educational Service Center, at 6000 Youngstown-Warren Road, Niles, Ohio 44446.

Note 19 – Public Entity Risk Pools

Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Shared Risk Pools

The School District participates in the Trumbull County Schools Employee Insurance Benefits Consortium. It is a shared risk pool comprised of seventeen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenue is generated from charges for services.

The School District also participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 65 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors comprised of representatives of school districts that participate in the program.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, underwriting, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain a copy of the SORSA financial statements, write SORSA Executive Director at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

Note 20 – Related Organization

The Kinsman Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Joseph Badger Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fire personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Kinsman Public Library, Debbie Messick, Fiscal Officer, at 6420 Church Street, Kinsman, Ohio 44428.

Note 21 – Encumbrances

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

Governmental Funds	
General	$225,638
Other Governmental Funds	1,356,266
Total	$1,581,904

Note 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Note 23 – Change in Accounting Principle and Restatement of Net Position

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements. The School District recognized $28,805 in leases payable at July 1, 2021 which was offset by an intangible asset, right to use lease – equipment of a net $32,850. The net effect on governmental activities net position was an additional $4,045 from $7,960,314 to $7,964,359 for fiscal year 2021.

The School District is also implementing *Implementation Guide No. 2020-1,* GASB Statement No. 92 – *Omnibus 2020, and* GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

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Joseph Badger Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.03532750%	0.03346210%	0.03400210%
School District's Proportionate Share of the Net Pension Liability	$1,303,481	$2,213,253	$2,034,404
School District's Covered Payroll	$1,232,571	$1,179,693	$1,143,881
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.75%	187.61%	177.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.03471450%	0.03247840%	0.03108230%	0.03241940%	0.02886800%	0.02886800%
$1,988,164	$1,940,513	$2,274,938	$1,849,884	$1,460,993	$1,716,687
$1,187,504	$1,049,621	$1,017,286	$977,876	$855,466	$908,115
167.42%	184.88%	223.63%	189.17%	170.78%	189.04%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.03649850%	0.03483740%	0.03481080%
School District's Proportionate Share of the Net OPEB Liability	$690,764	$757,130	$875,418
School District's Covered Payroll	$1,232,571	$1,179,693	$1,143,881
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.04%	64.18%	76.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.03531300%	0.03297650%	0.03151780%
$979,678	$885,003	$898,374
$1,187,504	$1,049,621	$1,017,286
82.50%	84.32%	88.31%
13.57%	12.46%	11.49%

Joseph Badger Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.02709093%	0.02732102%	0.02901372%
School District's Proportionate Share of the Net Pension Liability	$3,463,819	$6,610,714	$6,416,210
School District's Covered Payroll	$3,342,643	$3,310,736	$3,427,343
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.63%	199.68%	187.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.02847842%	0.02876217%	0.02813421%	0.03026449%	0.03240170%	0.03240170%
$6,261,766	$6,832,515	$9,417,369	$8,364,219	$7,881,215	$9,388,052
$3,244,343	$3,184,186	$2,950,993	$3,135,850	$3,322,407	$3,396,938
193.01%	214.58%	319.13%	266.73%	237.21%	276.37%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Joseph Badger Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.02709093%	0.02732102%	0.02901372%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($571,190)	($480,167)	($480,536)
School District's Covered Payroll	$3,342,643	$3,310,736	$3,427,343
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-17.09%	-14.50%	-14.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.02847842%	0.02876217%	0.02813421%
($457,619)	$1,122,194	$1,504,625
$3,244,343	$3,184,186	$2,950,993
-14.11%	35.24%	50.99%
176.00%	47.10%	37.30%

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

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$169,726	$172,560	$165,157	$154,424
Contributions in Relation to the Contractually Required Contribution	(169,726)	(172,560)	(165,157)	(154,424)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,212,329	$1,232,571	$1,179,693	$1,143,881
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	22,564	23,777	22,919	26,804
Contributions in Relation to the Contractually Required Contribution	(22,564)	(23,777)	(22,919)	(26,804)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.86%	1.93%	1.94%	2.34%
Total Contributions as a Percentage of Covered Payroll (2)	15.86%	15.93%	15.94%	15.84%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$160,313	$146,947	$142,420	$128,884	$112,066	$118,963
(160,313)	(146,947)	(142,420)	(128,884)	(112,066)	(118,963)
$0	$0	$0	$0	$0	$0
$1,187,504	$1,049,621	$1,017,286	$977,876	$855,466	$908,115
13.50%	14.00%	14.00%	13.18%	13.10%	13.10%
25,438	18,058	16,031	25,203	16,073	16,991
(25,438)	(18,058)	(16,031)	(25,203)	(16,073)	(16,991)
$0	$0	$0	$0	$0	$0
2.14%	1.72%	1.58%	2.58%	1.88%	1.87%
15.64%	15.72%	15.58%	15.76%	14.98%	14.97%

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

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$476,679	$467,970	$463,503	$479,828
Contributions in Relation to the Contractually Required Contribution	(476,679)	(467,970)	(463,503)	(479,828)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$3,404,850	$3,342,643	$3,310,736	$3,427,343
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$454,208	$445,786	$413,139	$439,019	$431,913	$441,602
(454,208)	(445,786)	(413,139)	(439,019)	(431,913)	(441,602)
$0	$0	$0	$0	$0	$0
$3,244,343	$3,184,186	$2,950,993	$3,135,850	$3,322,407	$3,396,938
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$33,224	$33,969
0	0	0	0	(33,224)	(33,969)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

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

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

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

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

Changes in Assumptions - STRS

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

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

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

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

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

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

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

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JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	104080-3L70-0000	$ 125,861
National School Lunch Program	10.555	104080-3L60-0000	294,204
COVID-19 National School Lunch Program	10.555	104080-3L60-0000	11,344
Non-Cash Assistance (Food Distribution)	10.555	N/A	37,742
Total Child Nutrition Cluster			469,151
COVID-19 Pandemic EBT Administrative Costs	10.649	104080-3HF0-0000	614
Total U.S. Department of Agriculture			**469,765**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027A	104080-3M20-9000	164,892
IDEA Early Childhood Special Education	84.173A	104080-3C50-9001	4,049
COVID-19-Special Education - Grants to States (ARP IDEA)	84.027X	104080-3IA0-9001	34,447
COVID-19-IDEA Early Childhood Special Education (ARP IDEA)	84.173X	104080-3IA0-9002	2,551
Total - Special Education Cluster			205,939
Title I Grants to Local Educational Agencies	84.010A	104080-3M00-9000	180,096
COVID-19-Title I Grants to Local Educational Agencies Expanding Opportunities for Each Child Non-competitive Grant	84.010A	104080-3M00-9001	6,136
Total Title I Grants to Local Educational Agencies			186,232
Title IIA - Supporting Effective Instruction State Grant	84.367A	104080-3Y60-9000	28,251
Title IV-A Student Support and Academic Enrichment	84.424A	104080-3HI0-9002	13,946
Education Stabilization Fund (ESF):			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER)	84.425D	104080-3HS0-9000	1,897
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	104080-3HS0-9001	562,822
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	104080-3HS0-9002	413,679
Total Education Stabilization Fund (ESF)			978,398
Total U.S. Department of Education			**1,412,766**
Total Expenditures of Federal Awards			**$ 1,882,531**

The accompanying notes are an integral part of this schedule.

JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL 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 Joseph Badger Local 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 PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010A	$ 4,093
COVID-19-ARP ESSER	84.425D	$ 1,000,050
IDEA Early Childhood Special Education	84.173A	$ 1,498
COVID-19-ESSER II	84.425D	$ 66,215

OHIO AUDITOR OF STATE
KEITH FABER

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

Joseph Badger Local School District
Trumbull County
7119 State Route 7
Kinsman, Ohio 44428

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Joseph Badger Local School District , Trumbull 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 March 23, 2023. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87 and the financial impact of COVID-19 and the ensuing emergency measures 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 purpose of expressing our opinion 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 's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 23, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Joseph Badger Local School District
Trumbull County
7119 State Route 7
Kinsman, Ohio 44428

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 23, 2023

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JOSEPH BADGER LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	COVID-19-Education Stabilization Fund – AL #84.425D and 84.425U
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

JOSEPH BADGER LOCAL SCHOOL DISTRICT

TRUMBULL 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 4/13/2023

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

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