



OHIO AUDITOR OF STATE
KEITH FABER

**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2023**

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ASHTABULA COUNTY
JUNE 30, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Local School District, Ashtabula County, Ohio (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Local School District, Ashtabula County, Ohio as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparisons for the General and Classroom Facilities Maintenance fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2024

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Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

Financial Highlights

Key Highlights for fiscal year 2023 are as follows:

- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.
- The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials to compete in a global environment.
- The School District had a decrease of 128 students in enrollment from fiscal year 2022 to fiscal year 2023.

Using this Annual Financial Report (AFR)

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2023?" The statement of net position and the statement of activities answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in the position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District.

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's net position for 2023 compared to 2022:

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 1
 Net Position
 Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	\$13,589,102	\$12,874,583	\$714,519
Capital Assets	19,478,050	20,487,478	(1,009,428)
Net OPEB Asset	1,061,968	845,241	216,727
<i>Total Assets</i>	<u>34,129,120</u>	<u>34,207,302</u>	<u>(78,182)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	78,759	131,266	(52,507)
Pension	2,852,077	2,679,630	172,447
OPEB	306,782	369,832	(63,050)
<i>Total Deferred Outflows of Resources</i>	<u>3,237,618</u>	<u>3,180,728</u>	<u>56,890</u>
Liabilities			
Current Liabilities	1,675,222	1,555,201	(120,021)
Long-Term Liabilities			
Due within One Year	1,066,592	1,019,264	(47,328)
Due in More than One Year:			
Net Pension Liability	11,773,519	6,907,325	(4,866,194)
Net OPEB Liability	682,932	941,817	258,885
Other Amounts Due in More Than One Year	1,877,690	2,905,334	1,027,644
<i>Total Liabilities</i>	<u>17,075,955</u>	<u>13,328,941</u>	<u>(3,747,014)</u>
Deferred Inflows of Resources			
Property Taxes	4,237,962	4,158,077	(79,885)
Pension	1,390,861	6,147,082	4,756,221
OPEB	1,756,167	1,629,593	(126,574)
<i>Total Deferred Inflows of Resources</i>	<u>7,384,990</u>	<u>11,934,752</u>	<u>4,549,762</u>
Net Position			
Net Investment in Capital Assets	17,494,119	17,545,682	(51,563)
Restricted for:			
Capital Projects	419,320	290,047	129,273
Debt Service	1,443,724	1,793,345	(349,621)
OPEB Plans	194,352	0	194,352
Other Purposes	1,972,556	2,278,681	(306,125)
Unrestricted (Deficit)	(8,618,278)	(9,783,418)	1,165,140
<i>Total Net Position</i>	<u>\$12,905,793</u>	<u>\$12,124,337</u>	<u>\$781,456</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both

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Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

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

Table 2 shows the changes in net position for fiscal year 2023 compared to 2022.

Table 2
Change in Net Position
Governmental Activities

	2023	2022	Change
Revenues			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$675,224	\$568,408	\$106,816
Operating Grants and Contributions	3,137,080	3,287,916	(150,836)
Capital Grants	35,674	24,102	11,572
Total Program Revenues	3,847,978	3,880,426	(32,448)
<i>General Revenues:</i>			
Property Taxes	4,756,204	4,861,972	(105,768)
Grants and Entitlements not Restricted to Specific Programs	7,138,902	6,953,634	185,268
Investment Earnings/Interest	197,323	(67,839)	265,162
Miscellaneous	75,665	31,312	44,353
Total General Revenues	12,168,094	11,779,079	389,015
Total Revenues	16,016,072	15,659,505	356,567
Program Expenses			
<i>Instruction:</i>			
Regular	6,612,428	6,302,599	(309,829)
Special	1,153,971	978,075	(175,896)
Vocational	240,218	365,312	125,094

(continued)

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 2
Change in Net Position (continued)
Governmental Activities

Program Expenses (continued)	<u>2023</u>	<u>2022</u>	<u>Change</u>
Support Services:			
Pupil	\$1,019,232	\$842,748	(\$176,484)
Instructional Staff	157,070	205,372	48,302
Board of Education	36,193	27,333	(8,860)
Administration	1,533,626	1,341,003	(192,623)
Fiscal	419,679	328,829	(90,850)
Business	8,824	5,886	(2,938)
Operation and Maintenance of Plant	1,459,220	1,344,177	(115,043)
Pupil Transportation	1,299,967	1,126,733	(173,234)
Central	136,244	92,339	(43,905)
Operation of Food Services	587,821	601,832	14,011
Extracurricular Activities	498,323	484,185	(14,138)
Interest	<u>71,800</u>	<u>99,199</u>	<u>27,399</u>
Total Program Expenses	<u>15,234,616</u>	<u>14,145,622</u>	<u>(1,088,994)</u>
Change in Net Position	781,456	1,513,883	1,717,671
Net Position Beginning of Year - Restated	<u>12,124,337</u>	<u>10,610,454</u>	<u>1,513,883</u>
Net Position End of Year	<u>\$12,905,793</u>	<u>12,124,337</u>	<u>\$3,231,554</u>

Governmental Activities

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

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay less than \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid. Thus School District's dependence upon property taxes is hampered by a lack of revenue growth so it must regularly return to the voters to maintain a constant level of service. Property taxes made up 29.66 percent of revenues for governmental activities for Grand Valley Local School District in fiscal year 2023.

Although the School District relies upon local property taxes to support its operations, a large share of general fund revenue is received from the State of Ohio through the State Foundation Formula. This funding is directly impacted by the enrollment of the School District. Grants and entitlements, with the majority coming from the School Foundation program, is the other significant revenue contributor. With the combination of taxes and grants and entitlements funding the significant portion of all expenses in governmental activities, the School District monitors both of these revenue sources very closely for fluctuations. For fiscal years 2022 and 2023,

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School District foundation funding received from the state of Ohio was funded using a direct funding model. Under this model, community school, STEM school, scholarship, and open enrollment funding are directly funded by the State of Ohio to the respective educating schools. The increase in grants and entitlements for fiscal year 2023 is related to an increase in Medicaid reimbursements from the State of Ohio.

The School District also actively solicits and receives additional grants to help offset operating costs. Operating grants, contributions, and interest program revenues decreased in fiscal year 2023 mainly due to decreased intergovernmental grant revenues, including various programs initiated under the American Recovery Act in response to the COVID-19 pandemic.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses is the result from increases in pension and OPEB expenses. The pension expense in fiscal year 2022 was (\$288,594) and was (\$977,429) in fiscal year 2023. The OPEB expense in fiscal year 2022 was (\$82,628) and was \$257,744 in fiscal year 2023.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2023 compared to 2022.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$6,612,428	\$5,446,576	\$6,302,599	\$4,879,177
Special	1,153,971	529,181	978,075	280,561
Vocational	240,218	141,991	365,312	248,339
Support Services:				
Pupil	1,019,232	775,991	842,748	829,926
Instructional Staff	157,070	149,917	205,372	199,972
Board of Education	36,193	36,193	27,333	27,333
Administration	1,533,626	1,533,626	1,341,003	1,336,538
Fiscal	419,679	419,679	328,829	328,829
Business	8,824	8,824	5,886	5,886
Operation and Maintenance of Plant	1,459,220	1,114,863	1,344,177	1,120,110
Pupil Transportation	1,299,967	822,572	1,126,733	689,688
Central	136,244	58,593	92,339	92,339
Operation of Food Services	587,821	(550)	601,832	(168,053)
Extracurricular Activities	498,323	277,382	484,185	295,352
Interest	71,800	71,800	99,199	99,199
Total	\$15,234,616	\$11,386,638	\$14,145,622	\$10,265,196

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. The general fund had a decrease in expenditures from the prior fiscal year. The general fund revenues increased from fiscal year 2022 to fiscal year 2023 largely due to an increase in property tax revenues, intergovernmental, tuition and fees and investment earnings/interest. Investments earnings/interest revenues increased as a result of increased interest rates. In total, the fund balance of the general fund increased. The classroom facilities maintenance fund balance decreased due to expenditures outpacing revenues. The bond retirement fund balance decreased due to debt requirements exceeding property tax collections for the year. The School District continues to look for grants to help offset the operating expenditures of the School District and to better provide services to our students.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget several times. For the general fund, the actual revenue was higher than the final budget basis revenue estimates due to an increase in intergovernmental revenue due to the changes in the State foundation funding. The School District's actual expenditures were well within the final budgeted appropriations due to the School District's continuous effort in monitoring expenditures.

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

Capital Assets and Debt Administration

Capital Assets

The decrease in capital assets was the result of an additional year of annual depreciation on all capital assets other than land. This decrease was offset by asset additions including a new bus lift station, replacement diesel pump and card system and three new school buses. See Note 13 to the Basic Financial Statements for additional capital asset information.

Debt

The School District has bonded debt issued for the construction of the new school facility. The football stadium/track complex was financed via a lease purchase agreement via the OASBO Expanded Asset Pool Financing Program. The School District also has a lease payable for copiers. The overall debt margin of the School District as of June 30, 2023 was \$19,149,636 with an unvoted debt margin of \$216,164. See Note 14 to the Basic Financial Statements for additional debt information.

Grand Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Challenges and Opportunities

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

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

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

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

Contacting the School District's Financial Management

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

Grand Valley Local School District

Statement of Net Position

June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$8,214,328
Accounts Receivable	9,030
Accrued Interest Receivable	5,110
Intergovernmental Receivable	334,486
Prepaid Items	10,902
Inventory Held for Resale	5,874
Materials and Supplies Inventory	162,468
Property Taxes Receivable	4,846,904
Nondepreciable Capital Assets	898,127
Depreciable Capital Assets, Net	18,579,923
Net OPEB Asset (See Note 23)	1,061,968
<i>Total Assets</i>	34,129,120
Deferred Outflows of Resources	
Deferred Charge on Refunding	78,759
Pension	2,852,077
OPEB	306,782
<i>Total Deferred Outflows of Resources</i>	3,237,618
Liabilities	
Accounts Payable	90,452
Contracts Payable	116,271
Accrued Wages and Benefits	1,102,270
Intergovernmental Payable	244,373
Accrued Interest Payable	4,411
Vacation Benefits Payable	40,932
Unearned Revenue	76,513
Long-Term Liabilities:	
Due Within One Year	1,066,592
Due In More Than One Year:	
Net Pension Liability (See Note 22)	11,773,519
Net OPEB Liability (See Note 23)	682,932
Other Amounts Due in More Than One Year	1,877,690
<i>Total Liabilities</i>	17,075,955
Deferred Inflows of Resources	
Property Taxes	4,237,962
Pension	1,390,861
OPEB	1,756,167
<i>Total Deferred Inflows of Resources</i>	7,384,990
Net Position	
Net Investment in Capital Assets	17,494,119
Restricted for:	
Capital Projects	419,320
Debt Service	1,443,724
OPEB Plans	194,352
Other Purposes	1,972,556
Unrestricted (Deficit)	(8,618,278)
<i>Total Net Position</i>	\$12,905,793

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$6,612,428	\$271,659	\$894,193	\$0	(\$5,446,576)
Special	1,153,971	0	624,790	0	(529,181)
Vocational	240,218	0	98,227	0	(141,991)
Support Services:					
Pupil	1,019,232	0	243,241	0	(775,991)
Instructional Staff	157,070	0	7,153	0	(149,917)
Board of Education	36,193	0	0	0	(36,193)
Administration	1,533,626	0	0	0	(1,533,626)
Fiscal	419,679	0	0	0	(419,679)
Business	8,824	0	0	0	(8,824)
Operation and Maintenance of Plant	1,459,220	44,204	300,153	0	(1,114,863)
Pupil Transportation	1,299,967	0	441,721	35,674	(822,572)
Central	136,244	0	77,651	0	(58,593)
Operation of Food Services	587,821	167,113	421,258	0	550
Extracurricular Activities	498,323	192,248	28,693	0	(277,382)
Interest	71,800	0	0	0	(71,800)
Totals	\$15,234,616	\$675,224	\$3,137,080	\$35,674	(11,386,638)
General Revenues					
Property Taxes Levied for:					
General Purposes					3,923,023
Debt Service					439,364
Capital Outlay					331,971
Classroom Facilities Maintenance					61,846
Grants and Entitlements not Restricted to Specific Programs					7,138,902
Investment Earnings/Interest					197,323
Miscellaneous					75,665
Total General Revenues					12,168,094
Change in Net Position					781,456
<i>Net Position Beginning of Year</i>					<u>12,124,337</u>
<i>Net Position End of Year</i>					<u><u>\$12,905,793</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District

*Balance Sheet
Governmental Funds
June 30, 2023*

	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,857,341	\$1,270,755	\$1,390,635	\$1,695,597	\$8,214,328
Accounts Receivable	7,494	0	0	1,536	9,030
Accrued Interest Receivable	5,110	0	0	0	5,110
Interfund Receivable	417,950	0	0	0	417,950
Intergovernmental Receivable	186,100	0	0	148,386	334,486
Prepaid Items	10,902	0	0	0	10,902
Inventory Held for Resale	0	0	0	5,874	5,874
Materials and Supplies Inventory	160,439	0	0	2,029	162,468
Property Taxes Receivable	4,023,788	61,994	441,646	319,476	4,846,904
<i>Total Assets</i>	<u>\$8,669,124</u>	<u>\$1,332,749</u>	<u>\$1,832,281</u>	<u>\$2,172,898</u>	<u>\$14,007,052</u>
Liabilities					
Accounts Payable	\$49,819	\$17,170	\$0	\$23,463	\$90,452
Contracts Payable	0	0	0	116,271	116,271
Accrued Wages and Benefits	982,373	0	0	119,897	1,102,270
Interfund Payable	0	0	0	417,950	417,950
Intergovernmental Payable	220,619	341	0	23,413	244,373
Unearned Revenue	0	0	0	76,513	76,513
<i>Total Liabilities</i>	<u>1,252,811</u>	<u>17,511</u>	<u>0</u>	<u>777,507</u>	<u>2,047,829</u>
Deferred Inflows of Resources					
Property Taxes	3,520,007	54,183	384,146	279,626	4,237,962
Unavailable Revenue	220,503	2,479	18,214	29,517	270,713
<i>Total Deferred Inflows of Resources</i>	<u>3,740,510</u>	<u>56,662</u>	<u>402,360</u>	<u>309,143</u>	<u>4,508,675</u>
Fund Balances					
Nonspendable	171,341	0	0	2,029	173,370
Restricted	0	1,258,576	1,429,921	1,121,695	3,810,192
Committed	207,037	0	0	0	207,037
Assigned	483,907	0	0	0	483,907
Unassigned (Deficit)	2,813,518	0	0	(37,476)	2,776,042
<i>Total Fund Balances</i>	<u>3,675,803</u>	<u>1,258,576</u>	<u>1,429,921</u>	<u>1,086,248</u>	<u>7,450,548</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$8,669,124</u>	<u>\$1,332,749</u>	<u>\$1,832,281</u>	<u>\$2,172,898</u>	<u>\$14,007,052</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2023*

Total Governmental Fund Balances	\$7,450,548
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	19,478,050
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable in the funds:	
Delinquent Property Taxes	194,861
Intergovernmental	<u>75,852</u>
Total	270,713
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(4,411)
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(40,932)
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.	78,759
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(1,825,430)
Financed Purchase	(219,000)
Lease Payable	(18,260)
Asset Retirement Obligation	(25,000)
Compensated Absences	<u>(856,592)</u>
Total	(2,944,282)
The net pension/OPEB asset/liability is not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	1,061,968
Deferred Outflows - Pension	2,852,077
Deferred Outflows - OPEB	306,782
Net Pension Liability	(11,773,519)
Net OPEB Liability	(682,932)
Deferred Inflows - Pension	(1,390,861)
Deferred Inflows - OPEB	<u>(1,756,167)</u>
Total	<u>(11,382,652)</u>
 <i>Net Position of Governmental Activities</i>	 <u><u>\$12,905,793</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$4,056,079	\$63,964	\$454,651	\$342,742	\$4,917,436
Intergovernmental	7,590,844	21,026	116,852	2,488,751	10,217,473
Investment Earnings/Interest	194,098	0	0	3,225	197,323
Tuition and Fees	309,548	0	0	0	309,548
Extracurricular Activities	43,248	0	0	149,000	192,248
Charges for Services	0	0	0	167,113	167,113
Rentals	44,204	0	0	0	44,204
Contributions and Donations	27,787	0	0	5,082	32,869
Miscellaneous	73,995	0	0	1,670	75,665
<i>Total Revenues</i>	<u>12,339,803</u>	<u>84,990</u>	<u>571,503</u>	<u>3,157,583</u>	<u>16,153,879</u>
Expenditures					
Current:					
Instruction:					
Regular	4,724,640	0	0	824,270	5,548,910
Special	1,015,993	0	0	199,458	1,215,451
Vocational	247,369	0	0	609	247,978
Support Services:					
Pupil	568,355	0	0	455,919	1,024,274
Instructional Staff	161,015	0	0	6,911	167,926
Board of Education	32,329	0	0	3,864	36,193
Administration	1,355,685	0	3,250	173,949	1,532,884
Fiscal	394,017	1,443	10,334	10,557	416,351
Business	8,824	0	0	0	8,824
Operation and Maintenance of Plant	1,248,511	152,957	0	163,307	1,564,775
Pupil Transportation	1,022,172	0	0	371,252	1,393,424
Central	69,311	0	0	66,933	136,244
Operation of Food Services	0	0	0	593,790	593,790
Extracurricular Activities	287,420	0	0	156,695	444,115
Capital Outlay	0	0	0	145,472	145,472
Debt Service:					
Principal Retirement	17,085	0	830,000	103,000	950,085
Interest	1,839	0	64,135	15,488	81,462
<i>Total Expenditures</i>	<u>11,154,565</u>	<u>154,400</u>	<u>907,719</u>	<u>3,291,474</u>	<u>15,508,158</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,185,238</u>	<u>(69,410)</u>	<u>(336,216)</u>	<u>(133,891)</u>	<u>645,721</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	12,950	12,950
Transfers Out	(12,950)	0	0	0	(12,950)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,950)</u>	<u>0</u>	<u>0</u>	<u>12,950</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,172,288	(69,410)	(336,216)	(120,941)	645,721
<i>Fund Balances Beginning of Year</i>	<u>2,503,515</u>	<u>1,327,986</u>	<u>1,766,137</u>	<u>1,207,189</u>	<u>6,804,827</u>
<i>Fund Balances End of Year</i>	<u>\$3,675,803</u>	<u>\$1,258,576</u>	<u>\$1,429,921</u>	<u>\$1,086,248</u>	<u>\$7,450,548</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Balances - Total Governmental Funds		\$645,721
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Outlay	449,870	
Current Year Depreciation	<u>(1,459,298)</u>	
Total		(1,009,428)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property Taxes	(161,232)	
Intergovernmental	61,314	
Tuition and Fees	<u>(37,889)</u>	
Total		(137,807)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:		
General Obligation Bonds	830,000	
Financed Purchase	103,000	
Lease Payable	<u>17,085</u>	
Total		950,085
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds:		
Accrued Interest on Bonds	1,882	
Amortization of Premium on Bonds	60,287	
Amortization of Deferred Charge on Refunding	<u>(52,507)</u>	
Total		9,662
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Compensated Absences	(30,056)	
Vacation Benefits Payable	<u>4,817</u>	
Total		(25,239)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,039,903	
OPEB	<u>28,244</u>	
Total		1,068,147
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities:		
Pension	(977,429)	
OPEB	<u>257,744</u>	
Total		<u>(719,685)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$781,456</u></u>

See accompanying notes to the basic financial statements

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

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$4,242,481	\$4,289,982	\$4,098,924	(\$191,058)
Intergovernmental	7,041,202	6,927,408	7,476,197	548,789
Interest	171,253	170,247	175,676	5,429
Tuition and Fees	301,754	299,981	309,548	9,567
Extracurricular Activities	26,271	26,117	26,950	833
Rentals	43,380	43,125	44,500	1,375
Miscellaneous	61,789	61,426	63,387	1,961
<i>Total Revenues</i>	<u>11,888,130</u>	<u>11,818,286</u>	<u>12,195,182</u>	<u>376,896</u>
Expenditures				
Current:				
Instruction:				
Regular	5,226,002	5,192,744	4,851,194	341,550
Special	1,072,696	1,094,722	1,005,919	88,803
Vocational	299,843	313,478	278,242	35,236
Support Services:				
Pupil	613,658	641,973	611,765	30,208
Instructional Staff	171,577	201,139	161,572	39,567
Board of Education	34,726	54,912	53,601	1,311
Administration	1,460,864	1,525,953	1,379,337	146,616
Fiscal	421,370	422,837	400,940	21,897
Business	29,556	43,000	30,327	12,673
Operation and Maintenance of Plant	1,336,775	1,627,657	1,390,875	236,782
Pupil Transportation	1,080,722	1,189,376	1,035,028	154,348
Central	75,119	77,282	69,707	7,575
Extracurricular Activities	269,390	294,881	249,983	44,898
<i>Total Expenditures</i>	<u>12,092,298</u>	<u>12,679,954</u>	<u>11,518,490</u>	<u>1,161,464</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(204,168)</u>	<u>(861,668)</u>	<u>676,692</u>	<u>1,538,360</u>
Other Financing Sources (Uses)				
Advances In	0	0	307,794	307,794
Advances Out	(417,950)	(437,950)	(417,950)	20,000
Transfers Out	(12,950)	(12,950)	(12,950)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(430,900)</u>	<u>(450,900)</u>	<u>(123,106)</u>	<u>327,794</u>
<i>Net Change in Fund Balance</i>	(635,068)	(1,312,568)	553,586	1,866,154
<i>Fund Balance Beginning of Year</i>	2,715,199	2,715,199	2,715,199	0
Prior Year Encumbrances Appropriated	<u>246,161</u>	<u>246,161</u>	<u>246,161</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,326,292</u>	<u>\$1,648,792</u>	<u>\$3,514,946</u>	<u>\$1,866,154</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$63,942	\$63,942	\$63,942	\$0
Intergovernmental	15,512	21,026	21,026	0
<i>Total Revenues</i>	<u>79,454</u>	<u>84,968</u>	<u>84,968</u>	<u>0</u>
Expenditures				
Current:				
Support Services:				
Fiscal	2,000	2,000	1,443	557
Operation and Maintenance of Plant	230,000	230,000	174,075	55,925
<i>Total Expenditures</i>	<u>232,000</u>	<u>232,000</u>	<u>175,518</u>	<u>56,482</u>
<i>Net Change in Fund Balance</i>	(152,546)	(147,032)	(90,550)	56,482
<i>Fund Balance Beginning of Year</i>	1,282,369	1,282,369	1,282,369	0
Prior Year Encumbrances Appropriated	50,398	50,398	50,398	0
<i>Fund Balance End of Year</i>	<u>\$1,180,221</u>	<u>\$1,185,735</u>	<u>\$1,242,217</u>	<u>\$56,482</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2023

Assets	
Property Taxes Receivable	\$329,304
Liabilities	
Intergovernmental Payable	<u>329,304</u>
Net Position	
Restricted for Individuals, Organizations or Other Governments	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2023

<hr style="border-top: 3px double #000;"/>	
Additions	
Property Taxes	\$339,217
Intergovernmental	38,600
	<hr style="border-top: 1px solid #000;"/>
<i>Total Additions</i>	377,817
 Deductions	
Distributions to Other Governments	377,817
	<hr style="border-top: 1px solid #000;"/>
<i>Change in Fiduciary Net Position</i>	0
 <i>Net Position Beginning of Year</i>	<hr style="border-top: 1px solid #000;"/>
	0
 <i>Net Position End of Year</i>	<hr style="border-top: 1px solid #000;"/>
	<u>\$0</u>

See accompanying notes to the basic financial statements

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally elected five member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 44 classified employees and 77 certified employees who provide services to 894 students and other community members.

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

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

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

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

Fund Accounting

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

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

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

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

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

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

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

The School District's fiduciary fund is a custodial fund. The custodial fund reports property taxes collected for the benefit of and distributed on behalf of the Grand Valley Public Library. The liabilities represent amounts where no further action is needed to release the assets to the library.

Measurement Focus

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

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

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

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

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are

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measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, 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 22 and 23.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized 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, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 22 and 23).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

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Cash and Cash Equivalents

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

During fiscal year 2023, investments were limited to federal home loan bank bonds, United States Treasury notes, negotiable certificates of deposit, nonnegotiable certificates of deposit and STAR Ohio.

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

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during fiscal year 2023 amounted to \$194,098 which includes \$101,438 assigned from other School District funds.

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the period amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

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.

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For the Fiscal Year Ended June 30, 2023

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

All reported capital assets except land 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 years
Buildings and Improvements	20-50 years
Furniture and Fixtures	5-20 years
Vehicles	8 years
Textbooks	6 years
Intangible Right to Use - Equipment	5 years

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

Compensated Absences

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

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

Leases Payable

The School District serves as lessee in various noncancellable leases. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments

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made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Accrued Liabilities and Long-term Obligations

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

Unearned Revenue

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned. The School District recognizes unearned revenue for grants received before eligibility requirements have been met.

Pensions/Other Postemployment Benefits (OPEB)

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

Deferred Charge on Refunding

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

Bond Premiums

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

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Interfund Activity

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

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

Interfund Balances

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

Net Position

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

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

Fund Balance

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

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

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

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

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Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. The School District Board of Education assigned fund balance for classroom support services and to cover a gap between revenues and appropriations in fiscal year 2024's appropriated budget.

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

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

Estimates

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

Budgetary Data

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

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

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

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Note 3 – Change in Accounting Principles

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

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

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

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). These changes were incorporated in the School District's 2023 financial statements. The School District did not have any long-term contracts that met the GASB 96 definition of a SBITA.

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

Note 4 - Accountability

The Title I and Title II-A special revenue funds had deficit fund balances in the amount of \$33,494 and \$3,982, respectively, at June 30, 2023. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Fund Balances

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

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Fund Balances	General	Classroom Facilities Maintenance	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>					
Prepays	\$10,902	\$0	\$0	\$0	\$10,902
Inventory	160,439	0	0	2,029	162,468
<i>Total Nonspendable</i>	<u>171,341</u>	<u>0</u>	<u>0</u>	<u>2,029</u>	<u>173,370</u>
<i>Restricted for</i>					
Food Service Operations	0	0	0	210,481	210,481
Scholarship Awards	0	0	0	109,693	109,693
Classroom Maintenance	0	1,258,576	0	0	1,258,576
Athletics and Music	0	0	0	113,865	113,865
Support Services	0	0	0	280,987	280,987
Debt Service Payments	0	0	1,429,921	0	1,429,921
Capital Improvements	0	0	0	406,669	406,669
<i>Total Restricted</i>	<u>0</u>	<u>1,258,576</u>	<u>1,429,921</u>	<u>1,121,695</u>	<u>3,810,192</u>
<i>Committed to</i>					
Property insurance	64,952	0	0	0	64,952
Consulting fees	142,085	0	0	0	142,085
<i>Total Committed</i>	<u>207,037</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>207,037</u>
<i>Assigned to</i>					
Classroom support services	125,158	0	0	0	125,158
Fiscal Year 2023 Appropriations	358,749	0	0	0	358,749
<i>Total Assigned</i>	<u>483,907</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>483,907</u>
<i>Unassigned (Deficit)</i>	<u>2,813,518</u>	<u>0</u>	<u>0</u>	<u>(37,476)</u>	<u>2,776,042</u>
<i>Total Fund Balances</i>	<u><u>\$3,675,803</u></u>	<u><u>\$1,258,576</u></u>	<u><u>\$1,429,921</u></u>	<u><u>\$1,086,248</u></u>	<u><u>\$7,450,548</u></u>

Note 6 - Budgetary Basis of Accounting

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

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Investments reported at cost (budget) rather than at fair value (GAAP).
3. Budgetary revenues and expenditures of the public school support fund are classified to general fund for GAAP Reporting.
4. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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5. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).
6. Advances-In and Advances Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

	Net Change in Fund Balance	
	General	Classroom Facilities Maintenance
GAAP Basis	\$1,172,288	(\$69,410)
Net Adjustment for Revenue Accruals	(179,252)	(22)
Advances In	307,794	0
Beginning Fair Value Adjustment for Investments	(94,030)	0
Ending Fair Value Adjustment for Investments	80,100	0
Perspective Differences:		
Public School Support	13,444	0
Net Adjustment for Expenditure Accruals	(30,949)	7,420
Advances Out	(417,950)	0
Encumbrances	(297,859)	(28,538)
Budget Basis	\$553,586	(\$90,550)

Note 7 - Deposits and Investments

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

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

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

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

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

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

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

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

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

Deposits

Custodial Credit Risk Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year end, \$48,444 of the School District's bank balance of \$958,645 was uninsured and uncollateralized. One of the School District's financial institutions participated in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent, resulting in the uninsured and uncollateralized balance.

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

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level Two Inputs:				
Federal Home Loan Bank Bonds	\$1,219,175	Less than two years	AA+	16.70 %
Negotiable Certificates of Deposit	48,763	Less than one year	N/A	N/A
United States Treasury Notes	<u>1,470,554</u>	Less than five years	N/A	20.14
Total Fair Value - Level Two Inputs	2,738,492			
Net Asset Value Per Share:				
STAR Ohio	<u>4,562,353</u>	Average 38.5 Days	AAAm	N/A
Totals	<u><u>\$7,300,845</u></u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investments, except STAR Ohio, measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

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

Credit Risk. Ohio law requires that STAROhio 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.

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 8 - Receivables

Receivables at June 30, 2023 consisted of taxes, accounts (rent and student fees), tuition and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Medicaid Reimbursement	\$125,244
ESSER	96,778
School Foundation	58,813
Title I Grant	35,041
Homeless Target Support	8,466
Title II-A Grant	8,101
Other	<u>2,043</u>
Total	<u><u>\$334,486</u></u>

Note 9 – Property Taxes

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

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

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

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2023, was \$342,264 in the general fund, \$39,286 in the bond retirement debt service fund, \$5,332 in the classroom facilities maintenance special revenue fund and \$27,199 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2022, was \$385,109 in the general fund, \$39,278 in the bond retirement debt service fund, \$5,310 in the classroom facilities maintenance special revenue fund and \$10,384 in the permanent improvement capital projects fund.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$204,992,040	95.73 %	\$206,463,030	95.51 %
Public Utility Personal	9,148,760	4.27	9,700,470	4.49
Total	<u>\$214,140,800</u>	<u>100.00 %</u>	<u>\$216,163,500</u>	<u>100.00 %</u>
Full Tax Rate per \$1,000 of assessed valuation	\$45.01		\$45.01	

Tax Abatements

The School District property taxes were reduced by \$25,906 under various community reinvestment area agreements entered into by the Village of Orwell.

Note 10 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Employees are able to roll over up to fifteen days of vacation from year to year without penalty. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 350 days for certified employees and 325 days for classified employees. Maximum sick leave accumulation for individuals on administrative contracts varies depending on the number of days in the administrator’s work year. For all employees, retirement severance is paid to each employee retiring from the School District at a per diem rate of the annual salary at the time of retirement. Any certified employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of sick leave credited to that employee, up to 75 days. The maximum attainable is 75 days. Any classified employee receiving retirement severance pay is entitled to a dollar amount equivalent to one-fourth of the first 240 days of sick leave credited to that employee, up to 75 days. The maximum attainable is 75 days.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Life Insurance Benefits

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

Health Insurance Benefits

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

Note 11 - Interfund Transfers and Balances

Interfund Transfers

The general fund transferred \$12,950 to the athletics special revenue fund to help provide funding for fiscal year 2023.

Interfund Balances

The general fund advance of \$417,950 to the other governmental funds was made to cover grant monies not received by fiscal year end. The balances are anticipated to be repaid in one year.

Note 12 - Contingencies

Grants

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

Litigation

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

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, all ODE adjustments for fiscal year 2023 have been finalized.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 – Capital Assets

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

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023
<i>Capital Assets not being Depreciated:</i>				
Land	\$898,127	\$0	\$0	\$898,127
<i>Capital Assets being Depreciated:</i>				
Land Improvements	3,822,815	45,900	0	3,868,715
Buildings and Improvements	37,141,450	0	0	37,141,450
Furniture and Fixtures	948,221	130,299	0	1,078,520
Vehicles	1,610,076	269,133	(349,750)	1,529,459
Textbooks	694,209	4,538	(681)	698,066
Intangible Right to Use - Equipment **	80,291	0	0	80,291
<i>Total Capital Assets being Depreciated</i>	44,297,062	449,870	(350,431)	44,396,501
<i>Less: Accumulated Depreciation/Amortization</i>				
Land Improvements	(2,847,581)	(188,025)	0	(3,035,606)
Buildings and Improvements	(19,460,728)	(1,049,684)	0	(20,510,412)
Furniture and Fixtures	(715,680)	(35,236)	0	(750,916)
Vehicles	(1,040,184)	(132,452)	349,750	(822,886)
Textbooks	(595,363)	(37,843)	681	(632,525)
Intangible Right to Use - Equipment **	(48,175)	(16,058)	0	(64,233)
<i>Total Accumulated Depreciation/Amortization</i>	(24,707,711)	(1,459,298) *	350,431	(25,816,578)
<i>Total Capital Assets being Depreciated, Net</i>	19,589,351	(1,009,428)	0	18,579,923
<i>Governmental Activities</i>				
<i>Capital Assets, Net</i>	\$20,487,478	(\$1,009,428)	\$0	\$19,478,050

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,225,792
Support Services:	
Instructional Staff	1,509
Administration	9,846
Operation and Maintenance of Plant	18,262
Pupil Transportation	139,359
Operation of Food Services	1,702
Extracurricular Activities	62,828
Total Depreciation Expense	\$1,459,298

** Of the current year depreciation total of \$1,459,298, \$16,058 is presented as regular instruction expense on the Statement of Activities related to the School District's intangible asset of copiers, which is included as an Intangible Right to Use Lease.

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 14 – Long-Term Obligations

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue</u>	<u>Year of Maturity</u>
2012 Classroom Refunding Bonds:			
Serial Bonds	1.00% to 3.10%	\$8,160,000	2012 to 2025
Financed Purchase - Football Field	5%	1,526,000	2006 to 2026
Leases Payable - Equipment	6.66%	80,291	2019 to 2024

Changes in long-term obligations of the School District during fiscal year 2023 were as follows:

	<u>Principal Outstanding 6/30/22</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/23</u>	<u>Amounts Due in One Year</u>
<i>General Obligation Bonds</i>					
2012 Classroom Refunding Bonds					
Serial Bonds	\$2,565,000	\$0	\$830,000	\$1,735,000	\$855,000
Premium	150,717	0	60,287	90,430	0
<i>Total General Obligation Bonds</i>	<u>2,715,717</u>	<u>0</u>	<u>890,287</u>	<u>1,825,430</u>	<u>855,000</u>
<i>Other Long-Term Obligations</i>					
Net Pension Liability					
SERS	1,781,603	874,637	0	2,656,240	0
STRS	5,125,722	3,991,557	0	9,117,279	0
Total Net Pension Liability	6,907,325	4,866,194	0	11,773,519	0
Net OPEB Liability					
SERS	941,817	0	258,885	682,932	0
Financed Purchase from Direct Borrowing	322,000	0	103,000	219,000	107,000
Leases Payable	35,345	0	17,085	18,260	18,260
Compensated Absences	826,536	99,235	69,179	856,592	86,332
Asset Retirement Obligation	25,000	0	0	25,000	0
<i>Total Other Long-Term Obligations</i>	<u>9,058,023</u>	<u>4,965,429</u>	<u>448,149</u>	<u>13,575,303</u>	<u>211,592</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$11,773,740</u>	<u>\$4,965,429</u>	<u>\$1,338,436</u>	<u>\$15,400,733</u>	<u>\$1,066,592</u>

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

On October 4, 2011, the School District issued \$8,689,988 in general obligation refunding bonds which included serial and capital appreciation (deep discount) bonds in the amount of \$8,160,000 and \$529,988, respectively. The capital appreciation bonds have been fully repaid. The general obligation refunding bonds were issued for the purpose of refunding a portion of the 2002 classroom improvement bonds to take advantage

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

of lower interest rates. The proceeds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District’s financial statements. On June 30, 2023, \$845,000 of the defeased bonds are still outstanding. The bonds were issued for a fourteen year period with a final maturity at December 1, 2024. The bonds will be retired from the debt service fund.

On August 18, 2005, the School District entered into a \$1,526,000 base lease and lease-purchase agreement with Columbus Regional Airport Authority for a new football stadium. The initial term of the lease expires on June 30, 2006, with the right to renew for successive one-year terms (with a final partial-year term through July 1, 2025). The lease payments will be paid from property taxes received in the permanent improvement capital projects fund. The lease proceeds issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The lease proceeds have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Columbus Regional Airport Authority, and then subleased back to the School District. The lease proceeds were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for twenty successive one-year terms through fiscal year 2025 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2.23 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

The overall debt margin of the School District as of June 30, 2023 was \$19,149,636 with an unvoted debt margin of \$216,164. Principal and interest requirements to retire general obligation bonds and financed purchase outstanding at June 30, 2023 are as follows:

	<u>General Obligation Bonds</u>		<u>Financed Purchase</u>	
	<u>Serial</u>		<u>Football Field</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$855,000	\$40,105	\$107,000	\$7,381
2025	880,000	13,640	112,000	2,498
Total	<u>\$1,735,000</u>	<u>\$53,745</u>	<u>\$219,000</u>	<u>\$9,879</u>

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. As of June 30, 2023, \$18,260 in principal and \$664 in interest remain on the lease.

Note 15 – COVID-19

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 - Risk Management

Property and Liability

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

Type of Coverage	Coverage Amount
Property - Building and Business Personal	\$71,308,865
Equipment Breakdown	71,308,865
Crime Coverage per occurrence	1,000,000
Unintentional Errors and Omissions	1,000,000
Utility Service Direct Damage	500,000
Valuable Papers	1,000,000
General Liability:	
Bodily Injury and Property Damage	15,000,000
Personal Injury	15,000,000
Products/Completed Operations	15,000,000
Automobile Bodily Injury	15,000,000

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

Employee Medical Benefits

The School District participates in the Ashtabula County Schools Council of Governments, a shared risk pool (Note 18) to provide employee medical/surgical, prescription drug, dental and vision benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. Certified employees per negotiated agreement are required to pay \$206.90 per month for family coverage and \$100.60 per month for single coverage. Classified employees per negotiated agreement are required to pay \$206.90 per month for family coverage and \$100.60 per month for single coverage.

Workers' Compensation

For fiscal year 2023, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService provides administrative, cost control and actuarial services to the GRP.

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

Note 17 - Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. The School District paid \$45,664 to NEOMIN during fiscal year 2023.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members, three superintendents from Ashtabula County School Districts, three superintendents from Trumbull County School Districts, and a treasurer from each county. The School District was represented on the Governing Board by the Superintendent and Treasurer during fiscal year 2023. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. The Board exercises total control over the operations including budgeting, appropriating, contracting and designating management. A complete set of separate financial statements may be obtained from the Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

Ashtabula County Technical and Career Center The Ashtabula County Technical and Career Center (the Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of representatives from some of the participating School Districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. The School District did not contribute to the Career Center for fiscal year 2023. Financial information can be obtained from Lindsey Elly, Treasurer at Ashtabula County Technical and Career Center, 1565 State Route 167, Jefferson, Ohio 44047.

Note 18 – Public Entity Risk Pools

Insurance Purchasing Pool

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

Risk Sharing Pools

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Note 19 – Related Organization

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

Note 20 - Set Asides

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

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

	Capital Improvements
Set-aside balance June 30, 2022	\$0
Current year set-aside requirement	213,113
Current year offsets	(446,567)
Qualifying disbursements	(130,386)
Totals	(\$363,840)
Set-aside balance carried forward to future fiscal years	\$0
Set-aside balance June 30, 2023	\$0

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 21 – Encumbrances

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

General	\$297,859
Classroom Facilities Maintenance	28,538
Other Governmental Funds	<u>616,639</u>
Totals	<u><u>\$943,036</u></u>

Note 22 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District’s contractually required contribution to SERS was \$280,142 for fiscal year 2023. Of this amount \$11,280 is reported as an intergovernmental payable.

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

State Teachers Retirement System (STRS)

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

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

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

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

The DC Plan allows members to place all 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 fifty and after termination of employment.

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

Grand Valley Local School District

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For the Fiscal Year Ended June 30, 2023*

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

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

The School District's contractually required contribution to STRS was \$759,761 for fiscal year 2023. Of this amount \$101,261 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.049109800%	0.041013170%	
Prior Measurement Date	<u>0.048285700%</u>	<u>0.040088870%</u>	
Change in Proportionate Share	<u>0.000824100%</u>	<u>0.000924300%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,656,240	\$9,117,279	\$11,773,519
Pension Expense	(\$176,516)	(\$800,913)	(\$977,429)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$107,580	\$116,713	\$224,293
Changes of assumptions	26,210	1,091,065	1,117,275
Net difference between projected and actual earnings on pension plan investments	0	317,261	317,261
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	53,924	99,421	153,345
School District contributions subsequent to the measurement date	<u>280,142</u>	<u>759,761</u>	<u>1,039,903</u>
Total Deferred Outflows of Resources	<u>\$467,856</u>	<u>\$2,384,221</u>	<u>\$2,852,077</u>

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$17,438	\$34,877	\$52,315
Changes of assumptions	0	821,258	821,258
Net difference between projected and actual earnings on pension plan investments	92,691	0	92,691
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>0</u>	<u>424,597</u>	<u>424,597</u>
Total Deferred Inflows of Resources	<u>\$110,129</u>	<u>\$1,280,732</u>	<u>\$1,390,861</u>

\$1,039,903 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$50,080	(\$122,002)	(\$71,922)
2025	5,879	(144,558)	(138,679)
2026	(132,411)	(314,351)	(446,762)
2027	<u>154,037</u>	<u>924,639</u>	<u>1,078,676</u>
Total	<u>\$77,585</u>	<u>\$343,728</u>	<u>\$421,313</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$3,909,858	\$2,656,240	\$1,600,083

Actuarial Assumptions – STRS

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

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

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

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

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

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

* Target allocation percentage is effective July 1, 2022.
Target weights were phased in over a 3 month period
concluding on October 1, 2022

** 10 year annualized geometric nominal returns, which include
the real rate of return and inflation of 2.25 percent, and 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, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$13,772,890	\$9,117,279	\$5,180,074

Note 23 - Defined Benefit OPEB Plans

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

School Employees Retirement System (SERS)

Health Care Plan Description – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare

Grand Valley Local School District

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For the Fiscal Year Ended June 30, 2023*

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$28,244.

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 \$28,244 for fiscal year 2023. Of this amount \$28,244 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

Grand Valley Local School District
Notes to the Basic Financial Statements
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OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.048641600%	0.041013170%	
Prior Measurement Date	<u>0.049763600%</u>	<u>0.040088870%</u>	
Change in Proportionate Share	<u>-0.001122000%</u>	<u>0.000924300%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$682,932	\$0	\$682,932
Net OPEB (Asset)	\$0	(\$1,061,968)	(\$1,061,968)
OPEB Expense	\$52,872	\$204,872	\$257,744

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$5,741	\$15,394	\$21,135
Changes of assumptions	108,630	45,236	153,866
Net difference between projected and actual earnings on OPEB plan investments	3,549	18,486	22,035
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	75,674	5,828	81,502
School District contributions subsequent to the measurement date	<u>28,244</u>	<u>0</u>	<u>28,244</u>
Total Deferred Outflows of Resources	<u>\$221,838</u>	<u>\$84,944</u>	<u>\$306,782</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$436,854	\$159,487	\$596,341
Changes of assumptions	280,349	753,037	1,033,386
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>86,404</u>	<u>40,036</u>	<u>126,440</u>
Total Deferred Inflows of Resources	<u>\$803,607</u>	<u>\$952,560</u>	<u>\$1,756,167</u>

\$28,244 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Grand Valley Local School District
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For the Fiscal Year Ended June 30, 2023

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$143,572)	(\$257,068)	(\$400,640)
2025	(136,702)	(259,192)	(395,894)
2026	(116,781)	(115,142)	(231,923)
2027	(70,827)	(47,957)	(118,784)
2028	(48,912)	(62,348)	(111,260)
Thereafter	(93,219)	(125,909)	(219,128)
Total	(\$610,013)	(\$867,616)	(\$1,477,629)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$848,213	\$682,932	\$549,507

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$526,664	\$682,932	\$887,046

Actuarial Assumptions – STRS

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

Grand Valley Local School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023*

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

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

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

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

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

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

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

Grand Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$981,761)	(\$1,061,968)	(\$1,130,671)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$1,101,519)	(\$1,061,968)	(\$1,012,044)

Note 24 – Asset Retirement Obligations

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

Required Supplementary Information

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

	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.049109800%	0.048285700%	0.046583300%
School District's Proportionate Share of the Net Pension Liability	\$2,656,240	\$1,781,603	\$3,081,118
School District's Covered Payroll	\$1,833,586	\$1,663,629	\$1,630,457
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.87%	107.09%	188.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
0.047708100%	0.045811200%	0.047955400%	0.050677800%	0.050172600%	0.050991000%	0.050991000%
\$2,854,459	\$2,623,692	\$2,865,229	\$3,709,147	\$2,862,898	\$2,580,625	\$3,032,271
\$1,646,007	\$1,533,511	\$1,593,700	\$1,525,886	\$1,511,171	\$1,494,145	\$1,298,008
173.42%	171.09%	179.78%	243.08%	189.45%	172.72%	233.61%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

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

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.048641600%	0.049763600%	0.045935100%
School District's Proportionate Share of the Net OPEB Liability	\$682,932	\$941,817	\$998,321
School District's Covered Payroll	\$1,833,586	\$1,663,629	\$1,630,457
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.25%	56.61%	61.23%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.047057000%	0.046599100%	0.048252900%	0.050547800%
\$1,183,385	\$1,292,784	\$1,294,981	\$1,440,799
\$1,646,007	\$1,533,511	\$1,593,700	\$1,525,886
71.89%	84.30%	81.26%	94.42%
15.57%	13.57%	12.46%	11.49%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
School District's Proportion of the Net Pension Liability	0.041013170%	0.040088870%	0.042226950%
School District's Proportionate Share of the Net Pension Liability	\$9,117,279	\$5,125,722	\$10,217,419
School District's Covered Payroll	\$5,291,100	\$4,987,921	\$5,101,764
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.31%	102.76%	200.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
0.043317290%	0.044019310%	0.046997380%	0.046234670%	0.046211700%	0.046148330%	0.046148330%
\$9,579,358	\$9,678,857	\$11,164,329	\$15,476,137	\$12,771,564	\$11,224,871	\$13,370,993
\$5,108,021	\$4,987,671	\$5,181,600	\$5,436,486	\$4,844,950	\$4,747,900	\$4,718,046
187.54%	194.06%	215.46%	284.67%	263.61%	236.42%	283.40%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

	2023	2022	2021
School District's Proportion of the Net OPEB Liability/Asset	0.041013170%	0.040088870%	0.042226950%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,061,968)	(\$845,241)	(\$742,138)
School District's Covered Payroll	\$5,291,100	\$4,987,921	\$5,101,764
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-20.07%	-16.95%	-14.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

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

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.043317290%	0.044019310%	0.046997380%	0.046234670%
(\$717,439)	(\$707,346)	\$1,833,664	\$2,472,642
\$5,108,021	\$4,987,671	\$5,181,600	\$5,436,486
-14.05%	-14.18%	35.39%	45.48%
174.70%	176.00%	47.10%	37.30%

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

	2023	2022	2021
Net Pension Liability:			
Contractually Required Contribution	\$280,142	\$256,702	\$232,908
Contributions in Relation to the Contractually Required Contribution	<u>(280,142)</u>	<u>(256,702)</u>	<u>(232,908)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,001,014	\$1,833,586	\$1,663,629
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:			
Contractually Required Contribution (2)	\$28,244	\$23,717	\$31,851
Contributions in Relation to the Contractually Required Contribution	<u>(28,244)</u>	<u>(23,717)</u>	<u>(31,851)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.41%</u>	<u>1.29%</u>	<u>1.91%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.41%</u>	<u>15.29%</u>	<u>15.91%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2020	2019	2018	2017	2016	2015	2014
\$228,264	\$222,211	\$207,024	\$223,118	\$213,624	\$199,172	\$207,088
(228,264)	(222,211)	(207,024)	(223,118)	(213,624)	(199,172)	(207,088)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$1,630,457	\$1,646,007	\$1,533,511	\$1,593,700	\$1,525,886	\$1,511,171	\$1,494,145
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$18,138	\$28,355	\$33,392	\$24,399	\$22,108	\$30,479	\$22,342
(18,138)	(28,355)	(33,392)	(24,399)	(22,108)	(30,479)	(22,342)
\$0	\$0	\$0	\$0	\$0	\$0	\$0
1.11%	1.72%	2.18%	1.53%	1.45%	2.02%	1.50%
15.11%	15.22%	15.68%	15.53%	15.45%	15.20%	15.36%

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

	2023	2022	2021	2020
Net Pension Liability:				
Contractually Required Contribution	\$759,761	\$740,754	\$698,309	\$714,247
Contributions in Relation to the Contractually Required Contribution	<u>(759,761)</u>	<u>(740,754)</u>	<u>(698,309)</u>	<u>(714,247)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$5,426,864	\$5,291,100	\$4,987,921	\$5,101,764
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability/Asset:				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$715,123	\$698,274	\$725,424	\$761,108	\$678,293	\$617,227
(715,123)	(698,274)	(725,424)	(761,108)	(678,293)	(617,227)
\$0	\$0	\$0	\$0	\$0	\$0
\$5,108,021	\$4,987,671	\$5,181,600	\$5,436,486	\$4,844,950	\$4,747,900
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
\$0	\$0	\$0	\$0	\$0	\$47,479
0	0	0	0	0	(47,479)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

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

Changes in Assumptions - STRS

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

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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

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

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

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

Changes in Benefit Term – STRS

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

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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

Changes in Assumptions – STRS

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

Grand Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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

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

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

Changes in Benefit Terms – STRS

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

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

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

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

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

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

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GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<i>Child Nutrition Cluster:</i>			
School Breakfast Program	10.553	2023	\$97,365
National School Lunch Program	10.555	2023	432,528
COVID-19 - National School Lunch Program	10.555	2023	9,631
Non-Cash Food Commodities	10.555	2023	41,225
Total Child Nutrition Cluster			580,749
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT)	10.649	2023	628
Total U.S. Department of Agriculture			581,377
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title I - Grants to Local Educational Agencies	84.010A	2022	50,623
Title I - Grants to Local Educational Agencies	84.010A	2023	326,888
Subtotal Title I - Grants to Local Educational Agencies			377,511
<i>Special Education Cluster:</i>			
COVID-19 - ARP - IDEA-B - Special Education Grants to State	84.027X	2023	7,968
COVID-19 - ARP - Special Education - Preschool Grants	84.173X	2023	2,092
Subtotal - Special Education Cluster			10,060
Title II - A - Improving Teacher Quality State Grants	84.367A	2022	8,911
Title II - A - Improving Teacher Quality State Grants		2023	47,995
Subtotal - Title II - A Improving Teacher Quality State Grants			56,906
Student Support and Academic Enrichment	84.424A	2023	31,081
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2022	126,810
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER) II	84.425D	2023	328,340
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) III	84.425U	2022	176,107
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) III	84.425U	2023	551,791
COVID-19 - American Rescue Plan Homeless Targeted Support	84.425W	2023	2,928
COVID-19 - Rescue Plan Homeless Round II	84.425W	2023	7,844
Subtotal ESSER			1,193,820
Total - U.S. Department of Education			1,669,378
U.S. DEPARTMENT OF TREASURY:			
<i>Passed Through the Ohio Department of Budget and Management</i>			
COVID-19 - State Fiscal Recovery Funds	21.027	2023	65,167
Total U.S. Department of Treasury			65,167
Total Expenditures of Federal Awards			\$2,315,922

The accompanying notes are an integral part of this schedule.

**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - 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.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Grand Valley Local School District, Ashtabula County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Grand Valley Local School District's (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 Grand Valley Local School District's major federal program for the year ended June 30, 2023. Grand Valley Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Grand Valley Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

January 29, 2024

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**GRAND VALLEY LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



GRAND VALLEY LOCAL SCHOOL DISTRICT

ASHTABULA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/20/2024

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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