

**JOHNSTOWN-MONROE
LOCAL SCHOOL DISTRICT**
LICKING COUNTY, OHIO

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Johnstown-Monroe Local School District
85 West Douglas Street
Johnstown, Ohio 43031

We have reviewed the *Independent Auditor's Report* of the Johnstown-Monroe Local School District, Licking County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Johnstown-Monroe Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 29, 2024

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**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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Independent Auditor's Report

Johnstown-Monroe Local School District
Licking County
85 W. Douglas Street
Johnstown, Ohio 43031

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Johnstown-Monroe Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Johnstown-Monroe Local School District's basic financial statements as listed in the table of contents.

In our opinion, the 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 Johnstown-Monroe Local School District, as of June 30, 2023, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with 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 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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School 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, schedules of net pension and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents 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 Johnstown-Monroe Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 on our consideration of the Johnstown-Monroe Local School District's internal control over financial reporting and on 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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
February 27, 2024

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The management's discussion and analysis of the Johnstown-Monroe Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the 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 District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased \$4,715,431 which represents a 12.17% increase from 2022's net position.
- General revenues accounted for \$29,145,548 in revenue or 89.81% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$3,307,738 or 10.19% of total revenues of \$32,453,286.
- The District had \$27,191,759 in expenses related to governmental activities; \$3,307,738 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$29,145,548 were adequate to provide for these programs. The District also had a special item for a refund to OFCC of \$546,096.
- The District's major governmental funds are the general fund, bond retirement fund, and capital projects fund. The general fund had \$27,605,466 in revenues and other financing sources and \$23,373,126 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased \$4,232,340 from a balance of \$17,662,490 to \$21,894,830.
- The bond retirement fund had \$2,327,015 in revenues and \$1,834,387 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased \$492,628 from a balance of \$2,501,413 to a balance of \$2,994,041.
- The capital projects fund had \$146,755 in revenues, \$309,251 in expenditures and a transfer in of \$1,900,000 from the general fund. During fiscal year 2023, the capital projects fund's fund balance increased \$1,737,504 from a balance of \$5,301,092 to a balance of \$7,038,596.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire 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 District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, bond retirement fund, and capital projects fund are considered major funds.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as private-purpose trust funds. The District also acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in the custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's net pension liability, net OPEB asset/liability and contributions to the pension and OPEB plans.

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**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District as a Whole

The table below provides a summary of the District's net position for June 30, 2023 and 2022.

	Net Position	
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
<u>Assets</u>		
Current and other assets	\$ 49,384,836	\$ 46,243,598
Capital assets, net	<u>58,409,224</u>	<u>58,957,611</u>
Total assets	<u>107,794,060</u>	<u>105,201,209</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	1,348,011	1,408,672
Pension	4,272,438	4,440,088
OPEB	<u>520,709</u>	<u>563,126</u>
Total deferred outflows of resources	<u>6,141,158</u>	<u>6,411,886</u>
<u>Liabilities</u>		
Current liabilities	1,976,042	2,957,347
Long-term liabilities:		
Due within one year	1,110,991	988,003
Due in more than one year:		
Net pension liability	17,106,423	10,166,659
Net OPEB liability	855,066	1,097,595
Other amounts	<u>34,926,366</u>	<u>35,638,148</u>
Total liabilities	<u>55,974,888</u>	<u>50,847,752</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for the next fiscal year	9,895,021	10,837,954
Payment in lieu of taxes levied for the next fiscal year	586,054	764,016
Pension	1,662,517	8,201,632
OPEB	<u>2,354,971</u>	<u>2,215,414</u>
Total deferred inflows of resources	<u>14,498,563</u>	<u>22,019,016</u>
<u>Net Position</u>		
Net investment in capital assets	25,631,860	24,227,771
Restricted	5,077,994	6,372,941
Unrestricted	<u>12,751,904</u>	<u>8,145,615</u>
Total net position	<u>\$ 43,461,758</u>	<u>\$ 38,746,327</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The net pension liability (NPL) is one of the largest liabilities reported by the District at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2022, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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 District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

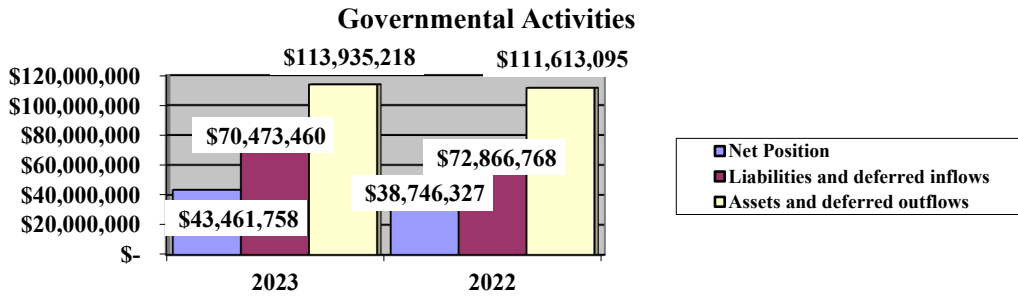
**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

At year-end, capital assets represented 54.19% of total assets and deferred outflows of resources. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. Net investment in capital assets was \$25,631,860. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$5,077,994, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$12,751,904 may be used to meet the District's ongoing obligations to the students and creditors.

The graph below shows the District's governmental activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and 2022.



The table below shows the change in net position for fiscal year 2023 and 2022.

Change in Net Position

	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,151,508	\$ 809,443
Operating grants and contributions	2,000,428	2,714,534
Capital grants and contributions	155,802	62,235
General revenues:		
Property taxes	15,231,894	12,348,328
Payments in lieu of taxes	2,614,532	2,298,885
School district income taxes	5,102,897	4,689,575
Unrestricted grants and entitlements	5,655,947	5,557,098
Investment earnings	516,623	(460,058)
Miscellaneous	23,655	37,022
Total revenues	<u>32,453,286</u>	<u>28,057,062</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Change in Net Position	
	Governmental Activities <u>2023</u>	Governmental Activities <u>2022</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,873,009	\$ 8,827,993
Special	2,595,198	1,822,476
Vocational	284,542	251,810
Other	544,615	496,974
Support services:		
Pupil	954,926	796,583
Instructional staff	776,355	782,985
Board of education	84,338	54,285
Administration	2,127,933	1,635,307
Fiscal	643,490	624,178
Business	6,325	5,305
Operations and maintenance	3,179,040	1,854,849
Pupil transportation	1,768,089	1,532,436
Central	256,360	128,551
Operation of non-instructional services:		
Food service operations	1,114,430	1,060,100
Other non-instructional services	-	1,978
Extracurricular activities	809,396	819,977
Interest and fiscal charges	<u>1,173,713</u>	<u>1,080,427</u>
Total expenses	<u>27,191,759</u>	<u>21,776,214</u>
Special item - Refund to OFCC	<u>(546,096)</u>	<u>-</u>
Change in net position	4,715,431	6,280,848
Net position at beginning of year	<u>38,746,327</u>	<u>32,465,479</u>
Net position at end of year	<u>\$ 43,461,758</u>	<u>\$ 38,746,327</u>

Governmental Activities

Net position of the District's governmental activities increased \$4,715,431. Total governmental expenses of \$27,191,759 were offset by program revenues of \$3,307,738 and general revenues of \$29,145,548. Program revenues supported 12.16% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes, income taxes, and grants and entitlements. These revenue sources represent 88.14% of total governmental revenue. The largest expense of the District is for instructional programs. Instruction expenses totaled \$14,297,364 or 52.58% of total governmental expenses for fiscal year 2023.

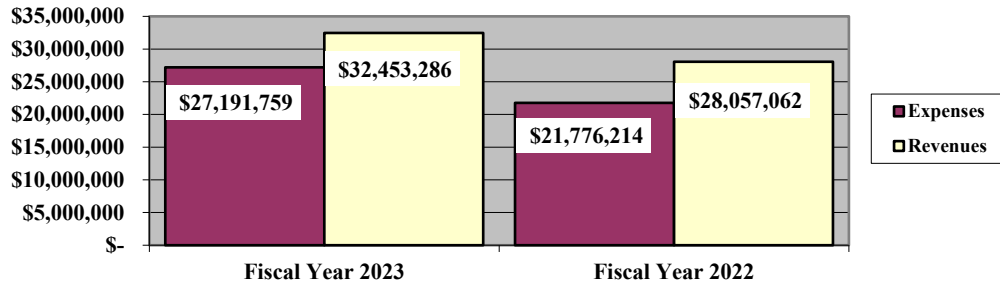
Expenses of the governmental activities increased \$5,415,545 or 24.87%. This decrease is primarily the result of changes in the net pension liability, net OPEB asset/liability and associated deferred inflows of resources and deferred outflows of resources.

The graph below presents the District's governmental activities revenues and expenses for fiscal year 2023 and 2022.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Governmental Activities - Revenues and Expenses



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

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**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

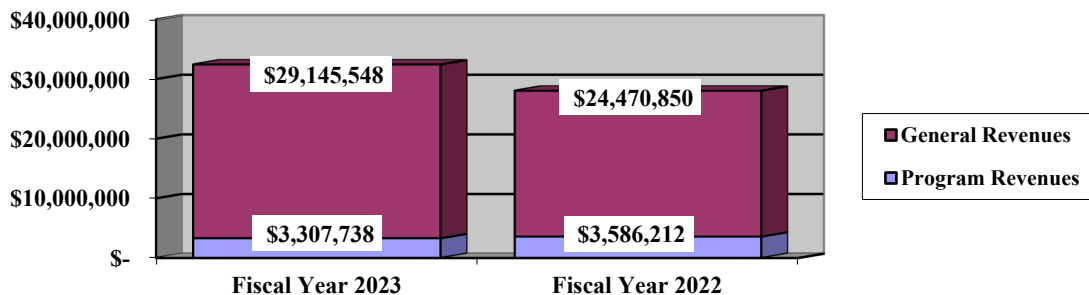
Governmental Activities

	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>
Program expenses				
Instruction:				
Regular	\$ 10,873,009	\$ 10,521,723	\$ 8,827,993	\$ 8,470,183
Special	2,595,198	1,968,047	1,822,476	1,090,176
Vocational	284,542	243,826	251,810	208,772
Other	544,615	366,155	496,974	297,769
Support services:				
Pupil	954,926	789,107	796,583	625,993
Instructional staff	776,355	680,651	782,985	723,361
Board of education	84,338	84,338	54,285	54,285
Administration	2,127,933	1,968,245	1,635,307	1,497,466
Fiscal	643,490	643,490	624,178	624,086
Business	6,325	6,325	5,305	5,305
Operations and maintenance	3,179,040	3,011,101	1,854,849	1,692,268
Pupil transportation	1,768,089	1,450,669	1,532,436	1,261,033
Central	256,360	256,360	128,551	128,551
Operation of non-instructional services:				
Food service operations	1,114,430	157,679	1,060,100	(186,856)
Other non-instructional services	-	-	1,978	1,978
Extracurricular activities	809,396	562,592	819,977	615,205
Interest and fiscal charges	<u>1,173,713</u>	<u>1,173,713</u>	<u>1,080,427</u>	<u>1,080,427</u>
Total expenses	<u>\$ 27,191,759</u>	<u>\$ 23,884,021</u>	<u>\$ 21,776,214</u>	<u>\$ 18,190,002</u>

The dependence upon tax and other general revenues for governmental activities is apparent; 91.62% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.84%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2023 and 2022.

Governmental Activities - General and Program Revenues



**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District's Funds

The District's governmental funds reported a combined fund balance of \$34,782,666, which is \$4,986,388 more than last year's total of \$29,796,278. The increase in fund balance is a result of the increase in tax revenue and the federal ESSER grant program. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance <u>June 30, 2023</u>	Fund Balance <u>June 30, 2022</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 21,894,830	\$ 17,662,490	\$ 4,232,340	23.96 %
Bond Retirement	2,994,041	2,501,413	492,628	19.69 %
Capital Projects	7,038,596	5,301,092	1,737,504	32.78 %
Other Governmental	<u>2,855,199</u>	<u>4,331,283</u>	<u>(1,476,084)</u>	(34.08) %
Total	<u>\$ 34,782,666</u>	<u>\$ 29,796,278</u>	<u>\$ 4,986,388</u>	16.73 %

General Fund

The District's general fund balance increased \$4,232,340. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2023 Amount</u>	<u>2022 Amount</u>	<u>Net Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Taxes	\$ 17,948,846	\$ 14,908,943	\$ 3,039,903	20.39 %
Payments in lieu of taxes	2,471,089	2,017,158	453,931	22.50 %
Tuition	264,111	279,114	(15,003)	(5.38) %
Investment earnings and fair value adjustment	516,580	(454,243)	970,823	(213.72) %
Intergovernmental	6,306,584	6,172,692	133,892	2.17 %
Other revenues	<u>57,952</u>	<u>112,766</u>	<u>(54,814)</u>	(48.61) %
Total	<u>\$ 27,565,162</u>	<u>\$ 23,036,430</u>	<u>\$ 4,528,732</u>	19.66 %
<u>Expenditures</u>				
Instruction	\$ 12,339,281	\$ 10,474,015	\$ 1,865,266	17.81 %
Support services	8,581,674	7,275,913	1,305,761	17.95 %
Operation of non-instructional services	-	1,978	(1,978)	100.00 %
Extracurricular activities	473,841	587,511	(113,670)	(19.35) %
Facilities acquisition and construction	37,782	7,130	30,652	429.90 %
Debt service	<u>40,548</u>	<u>30,832</u>	<u>9,716</u>	31.51 %
Total	<u>\$ 21,473,126</u>	<u>\$ 18,377,379</u>	<u>\$ 3,095,747</u>	16.85 %

Revenues of the general fund increased \$4,528,732 or 19.66%. The District had an increase in property tax revenue due to the timing of taxes available for advance. In addition, the District had an increase in payments in lieu of taxes, due to agreements with the City of New Albany. The significant increase of \$970,823 in investment income/fair value adjustment was due to the increase in interest rates on District investments and market performance. The District plans to hold investments until maturity.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Expenditures of the general fund increased \$3,095,747 or 16.85%. The increase in instruction expenditures was due to receipt of federal ESSER funds in the prior year (but not the current year) allowing for payment of previous general fund expenditures by the nonmajor special revenue grant fund.

Bond Retirement Fund

The bond retirement fund had \$2,327,015 in revenues and \$1,834,387 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased \$492,628 from a balance of \$2,501,413 to a balance of \$2,994,041. These funds were used for debt payments of the District.

Capital Projects Fund

The capital projects fund had \$146,755 in revenues, \$309,251 in expenditures and a transfer in of \$1,900,000 from the general fund. During fiscal year 2023, the capital projects fund's fund balance increased \$1,737,504 from a balance of \$5,301,092 to a balance of \$7,038,596. These funds will be used for construction and renovation of District facilities.

General Fund Budgeting Highlights

The 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 District amended its general fund budget several times. For the general fund, original and final budgeted revenues and other financing sources were \$24,830,020. Actual revenues and other financing sources for fiscal year 2023 were \$28,183,721.

General fund original appropriations and other financing uses of \$23,895,896 were increased to \$24,208,296 in the final appropriations and other financing uses. The actual budget basis expenditures and other financing uses for fiscal year 2023 totaled \$24,159,649, which was \$48,647 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had \$58,409,224 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use - equipment. This entire amount is reported in governmental activities. The following table shows fiscal year 2023 balances compared to 2022:

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2023	2022
Land	\$ 300,961	\$ 300,961
Construction-in-progress	-	9,803,721
Land improvements	1,392,567	1,476,448
Building and improvements	55,178,925	45,989,635
Furniture and equipment	1,346,830	1,200,328
Vehicles	105,701	93,143
Intangible right to use: equipment	84,240	93,375
Total	\$ 58,409,224	\$ 58,957,611

The overall decrease in capital assets was \$548,387. The District had \$1,271,337 in additions, \$1,806,128 in depreciation/amortization expense, and disposals net of accumulated depreciation/amortization of \$13,596.

See Note 10 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2023, the District had \$80,777 in lease obligations and \$31,840,506 in general obligations bonds, including accreted interest, outstanding. Of this total, \$941,878 is due within one year and \$30,979,405 is due in greater than one year.

The table on the following page summarizes the bonds and leases outstanding.

	Outstanding Debt, at Year End	
	Governmental	Governmental
	Activities	Activities
	2023	2022
Lease obligations	\$ 80,777	\$ 83,532
Refunding Bonds - 2016	10,725,000	10,900,000
Refunding Bonds - 2016 (CABS)	515,246	417,818
Refunding Bonds - 2020	19,720,000	20,415,000
Refunding Bonds - 2020 (CABS)	880,260	676,688
Total	\$ 31,921,283	\$ 32,493,038

See Note 11 to the basic financial statements for additional information on the District's debt administration.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Current Financial Related Activities

The District is currently financially sound. As the preceding information shows, the District relies heavily upon property taxes, income taxes, grants and entitlements. The District is at the 20 mill floor, and is seeing additional property tax revenue each year. PUPP revenues and TIF revenues continue to increase each year. The District is currently collecting approximately \$4.8 million per year from a 1% income tax. This income tax was renewed in May 2019 and collections will continue through fiscal year 2024. In addition, a \$2.2 million Emergency Levy was renewed in November of 2019 and collection will continue through fiscal year 2025. This additional tax revenue, along with the District's cash balance, will provide the District with the necessary funds to meet its operating expenses for several years.

However, the future financial stability of the District is not without challenges. The next challenge facing the District is the steady increase in enrollment. These projected increases are due to planned residential growth in the District. The district passed a bond issue in May of 2014 which allowed for a new K-5 elementary building and a new 9-12 high school building to be completed in 2018. The bond issue also allows for renovations to be made to the old high school for use as a middle school. The District closed out an Ohio Facilities Construction Commission (OFCC) *Classroom Facilities Assistance Program* in 2023. Both new buildings opened during the 2017-2018 school year, with the renovated high school transitioning into a middle school in the 2018-2019 school year. The former elementary school was renovated to provide additional classroom space for 4th and 5th graders. This building iopened during the 2022-2023 school year and is known as the Intermediate School. However, additional planning is being done now, as enrollment continues to grow and could warrant additional instructional space in the coming years.

In conclusion, the District has positioned itself for financial excellence for many years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Felicia Drummey, Interim Treasurer, Johnstown-Monroe Local School District, 441 S. Main Street, Johnstown, Ohio 43031.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 31,334,542
Receivables:	
Property taxes	13,014,575
Income taxes	2,239,630
Payment in lieu of taxes	586,054
Accounts	6,146
Accrued interest	36,799
Intergovernmental	426,872
Prepayments	32,723
Materials and supplies inventory	57,082
Inventory held for resale	32,184
Net OPEB asset	1,618,229
Capital assets:	
Nondepreciable/nonamortized capital assets	300,961
Depreciable/amortizable capital assets, net	58,108,263
Capital assets, net	58,409,224
Total assets	107,794,060
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,348,011
Pension	4,272,438
OPEB	520,709
Total deferred outflows of resources	6,141,158
Liabilities:	
Accounts payable	196,111
Accrued wages and benefits payable	1,228,676
Intergovernmental payable	140,247
Pension and postemployment benefit payable	336,372
Accrued interest payable	74,636
Long-term liabilities:	
Due within one year	1,110,991
Due in more than one year:	
Net pension liability	17,106,432
Net OPEB liability	855,066
Other amounts due in more than one year	34,926,366
Total liabilities	55,974,897
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	9,895,021
Payment in lieu of taxes levied for the next fiscal year	586,054
Pension	1,662,517
OPEB	2,354,971
Total deferred inflows of resources	14,498,563
Net position:	
Net investment in capital assets	25,631,860
Restricted for:	
Capital projects	602,515
Classroom facilities maintenance	1,056,782
Debt service	2,080,679
Federally funded programs	53,161
Food service operations	707,292
Student activities	136,465
Other purposes	441,100
Unrestricted	12,751,904
Total net position	\$ 43,461,758

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 10,873,009	\$ 142,140	\$ 209,146	\$ -	\$ (10,521,723)
Special	2,595,198	121,971	505,180	-	(1,968,047)
Vocational	284,542	-	40,716	-	(243,826)
Other	544,615	-	178,460	-	(366,155)
Support services:					
Pupil	954,926	-	165,819	-	(789,107)
Instructional staff	776,355	5,000	90,704	-	(680,651)
Board of education	84,338	-	-	-	(84,338)
Administration	2,127,933	4,450	155,238	-	(1,968,245)
Fiscal	643,490	-	-	-	(643,490)
Business	6,325	-	-	-	(6,325)
Operations and maintenance	3,179,040	11,855	282	155,802	(3,011,101)
Pupil transportation	1,768,089	103,240	214,180	-	(1,450,669)
Central	256,360	-	-	-	(256,360)
Operation of non-instructional services:					
Food service operations	1,114,430	527,003	429,748	-	(157,679)
Extracurricular activities	809,396	235,849	10,955	-	(562,592)
Interest and fiscal charges	1,173,713	-	-	-	(1,173,713)
Totals	<u>\$ 27,191,759</u>	<u>\$ 1,151,508</u>	<u>\$ 2,000,428</u>	<u>\$ 155,802</u>	<u>(23,884,021)</u>
General revenues:					
Property taxes levied for:					
General purposes					12,869,628
Debt service					2,171,320
Classroom facilities maintenance					190,946
Payments in lieu of taxes					2,614,532
Income taxes levied for:					
General purposes					5,102,897
Grants and entitlements not restricted to specific programs					5,655,947
Investment earnings					516,623
Miscellaneous					23,655
Total general revenues					<u>29,145,548</u>
Special item - Refund to OFCC					(546,096)
Total general revenues and special item					<u>28,599,452</u>
Change in net position					4,715,431
Net position at beginning of year					<u>38,746,327</u>
Net position at end of year					<u>\$ 43,461,758</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Bond Retirement	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and cash equivalents	\$ 18,984,028	\$ 2,594,755	\$ 7,036,096	\$ 2,719,663	\$ 31,334,542
Receivables:					
Property taxes	11,032,779	1,818,219	-	163,577	13,014,575
Income taxes	2,239,630	-	-	-	2,239,630
Payment in lieu of taxes	496,620	82,082	-	7,352	586,054
Accounts	646	-	2,500	3,000	6,146
Accrued interest	36,799	-	-	-	36,799
Interfund loans	189,269	-	-	-	189,269
Intergovernmental	134,478	-	-	292,394	426,872
Prepayments	32,456	-	-	267	32,723
Materials and supplies inventory	-	-	-	57,082	57,082
Inventory held for resale	-	-	-	32,184	32,184
Total assets	<u>\$ 33,146,705</u>	<u>\$ 4,495,056</u>	<u>\$ 7,038,596</u>	<u>\$ 3,275,519</u>	<u>\$ 47,955,876</u>
Liabilities:					
Accounts payable	\$ 186,057	\$ -	\$ -	\$ 10,054	\$ 196,111
Accrued wages and benefits payable	1,165,815	-	-	62,861	1,228,676
Compensated absences payable	127,788	-	-	-	127,788
Intergovernmental payable	137,336	-	-	2,911	140,247
Pension and postemployment benefit payable	317,281	-	-	19,091	336,372
Interfund loans payable	-	-	-	189,269	189,269
Total liabilities	<u>1,934,277</u>	<u>-</u>	<u>-</u>	<u>284,186</u>	<u>2,218,463</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	8,365,765	1,402,006	-	127,250	9,895,021
Payment in lieu of taxes levied for the next fiscal year	496,620	82,082	-	7,352	586,054
Delinquent property tax revenue not available	108,287	16,927	-	1,532	126,746
Income tax revenue not available	344,439	-	-	-	344,439
Accrued interest not available	2,487	-	-	-	2,487
Total deferred inflows of resources	<u>9,317,598</u>	<u>1,501,015</u>	<u>-</u>	<u>136,134</u>	<u>10,954,747</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	57,082	57,082
Prepays	32,456	-	-	267	32,723
Unclaimed monies	6,298	-	-	-	6,298
Restricted:					
Debt service	-	2,994,041	-	-	2,994,041
Capital improvements	-	-	-	602,515	602,515
Classroom facilities maintenance	-	-	-	1,055,250	1,055,250
Food service operations	-	-	-	669,285	669,285
Federally funded programs	-	-	-	53,161	53,161
Extracurricular	-	-	-	136,460	136,460
Other purposes	-	-	-	434,802	434,802
Committed:					
Capital improvements	-	-	7,038,596	-	7,038,596
Assigned:					
Student instruction	260,792	-	-	-	260,792
Student and staff support	371,282	-	-	-	371,282
Extracurricular activities	1,290	-	-	-	1,290
Subsequent year's appropriations	1,956,611	-	-	-	1,956,611
Unassigned (deficit)	19,266,101	-	-	(153,623)	19,112,478
Total fund balances	<u>21,894,830</u>	<u>2,994,041</u>	<u>7,038,596</u>	<u>2,855,199</u>	<u>34,782,666</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 33,146,705</u>	<u>\$ 4,495,056</u>	<u>\$ 7,038,596</u>	<u>\$ 3,275,519</u>	<u>\$ 47,955,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		\$	34,782,666
<i>Amounts reported for governmental activities on 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.			58,409,224
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	126,746	
Income taxes receivable		344,439	
Accrued interest receivable		2,487	
Total		473,672	473,672
Unamortized premiums on bonds issued are not recognized in the funds.			(3,059,872)
Unamortized amounts on refundings are not recognized in the funds.			1,348,011
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(74,636)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		4,272,438	
Deferred inflows - pension		(1,662,517)	
Net pension liability		(17,106,432)	
Deferred outflows - OPEB		520,709	
Deferred inflows - OPEB		(2,354,971)	
Net OPEB asset		1,618,229	
Net OPEB liability		(855,066)	
Total		(15,567,610)	(15,567,610)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(31,840,506)	
Lease obligations		(80,777)	
Compensated absences		(928,414)	
Total		(32,849,697)	(32,849,697)
Net position of governmental activities		<u>\$</u>	<u>43,461,758</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Bond Retirement	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 12,869,157	\$ 2,173,058	\$ -	\$ 190,957	\$ 15,233,172
Income taxes	5,079,689	-	-	-	5,079,689
Intergovernmental	6,306,584	22,131	-	1,391,171	7,719,886
Investment earnings and fair value adjustment	516,580	-	77,400	30,582	624,562
Tuition and fees	264,111	-	-	78,046	342,157
Extracurricular	19,408	-	9,625	233,090	262,123
Rental income	-	-	2,230	-	2,230
Charges for services	-	-	-	527,003	527,003
Contributions and donations	29,495	-	57,500	59,172	146,167
Payment in lieu of taxes	2,471,089	131,826	-	11,617	2,614,532
Miscellaneous	9,049	-	-	-	9,049
Total revenues	<u>27,565,162</u>	<u>2,327,015</u>	<u>146,755</u>	<u>2,521,638</u>	<u>32,560,570</u>
Expenditures:					
Current:					
Instruction:					
Regular	9,384,152	-	-	178,816	9,562,968
Special	2,369,198	-	-	175,833	2,545,031
Vocational	255,389	-	-	-	255,389
Other	330,542	-	-	179,218	509,760
Support services:					
Pupil	942,077	-	-	2,575	944,652
Instructional staff	635,909	-	-	89,205	725,114
Board of education	84,185	-	-	-	84,185
Administration	1,915,948	-	-	136,304	2,052,252
Fiscal	598,930	29,433	-	2,583	630,946
Business	6,325	-	-	-	6,325
Operations and maintenance	2,554,931	-	-	183,157	2,738,088
Pupil transportation	1,592,434	-	-	175,655	1,768,089
Central	250,935	-	-	-	250,935
Operation of non-instructional services:					
Food service operations	-	-	-	963,089	963,089
Extracurricular activities	473,841	-	-	223,976	697,817
Facilities acquisition and construction	1,660	-	309,251	1,151,347	1,462,258
Capital outlay	36,122	-	-	-	36,122
Debt service:					
Principal retirement	36,591	870,000	-	2,286	908,877
Interest and fiscal charges	3,957	934,954	-	102	939,013
Total expenditures	<u>21,473,126</u>	<u>1,834,387</u>	<u>309,251</u>	<u>3,464,146</u>	<u>27,080,910</u>
Excess of revenues over (under) expenditures	<u>6,092,036</u>	<u>492,628</u>	<u>(162,496)</u>	<u>(942,508)</u>	<u>5,479,660</u>
Other financing sources (uses):					
Sale of assets	4,182	-	-	12,520	16,702
Transfers in	-	-	1,900,000	1,756,638	3,656,638
Transfers (out)	(1,900,000)	-	-	(1,756,638)	(3,656,638)
Lease transaction	36,122	-	-	-	36,122
Special item - refund to OFCC	-	-	-	(546,096)	(546,096)
Total other financing sources (uses)	<u>(1,859,696)</u>	<u>-</u>	<u>1,900,000</u>	<u>(533,576)</u>	<u>(493,272)</u>
Net change in fund balances	4,232,340	492,628	1,737,504	(1,476,084)	4,986,388
Fund balances at beginning of year	<u>17,662,490</u>	<u>2,501,413</u>	<u>5,301,092</u>	<u>4,331,283</u>	<u>29,796,278</u>
Fund balances at end of year	<u>\$ 21,894,830</u>	<u>\$ 2,994,041</u>	<u>\$ 7,038,596</u>	<u>\$ 2,855,199</u>	<u>\$ 34,782,666</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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 \$ 4,986,388

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital asset additions	\$	1,271,337	
Current year depreciation/amortization		<u>(1,806,128)</u>	
Total			(534,791)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (13,596)

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

Property taxes		(1,278)	
Income taxes		23,208	
Earnings on investments		43	
Intergovernmental		<u>(132,363)</u>	
Total			(110,390)

Repayment of bond and lease principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 908,877

Issuance of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position (36,122)

- - Continued

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	1,019	
Accreted interest on capital appreciation bonds	(301,000)	
Amortization of bond premiums	125,942	
Amortization of deferred charges	(60,661)	
Total	(234,700)	(234,700)

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

Pension	1,328,256	
OPEB	47,492	
Total	1,375,748	1,375,748

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

Pension	(1,896,564)	
OPEB	298,113	
Total	(1,598,451)	(1,598,451)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	(27,532)	
Change in net position of governmental activities	\$ 4,715,431	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 10,999,520	\$ 10,999,520	\$ 11,170,418	\$ 170,898
Income taxes	5,000,000	5,000,000	4,801,832	(198,168)
Intergovernmental	6,162,500	6,162,500	6,306,048	143,548
Investment earnings	200,500	200,500	530,750	330,250
Tuition and fees	195,000	195,000	184,205	(10,795)
Contributions and donations	2,000	2,000	11,500	9,500
Payment in lieu of taxes	2,150,000	2,150,000	2,424,278	274,278
Miscellaneous	-	-	8,342	8,342
Total revenues	<u>24,709,520</u>	<u>24,709,520</u>	<u>25,437,373</u>	<u>727,853</u>
Expenditures:				
Current:				
Instruction:				
Regular	8,721,696	8,835,718	9,315,630	(479,912)
Special	2,009,338	2,035,607	2,455,264	(419,657)
Vocational	277,703	281,334	254,717	26,617
Other	291,998	295,815	326,810	(30,995)
Support services:				
Pupil	944,804	957,156	960,788	(3,632)
Instructional staff	840,042	851,024	688,341	162,683
Board of education	70,432	71,353	109,701	(38,348)
Administration	1,997,019	2,023,127	1,855,377	167,750
Fiscal	641,679	650,068	619,545	30,523
Business	8,884	9,000	10,274	(1,274)
Operations and maintenance	3,351,605	3,395,422	2,830,809	564,613
Pupil transportation	1,524,716	1,544,649	1,587,216	(42,567)
Central	153,597	155,605	253,043	(97,438)
Extracurricular activities	541,201	548,276	430,972	117,304
Facilities acquisition and construction	465,556	471,642	1,660	469,982
Total expenditures	<u>21,840,270</u>	<u>22,125,796</u>	<u>21,700,147</u>	<u>425,649</u>
Excess of revenues over expenditures	<u>2,869,250</u>	<u>2,583,724</u>	<u>3,737,226</u>	<u>1,153,502</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5,000	5,000	-	(5,000)
Refund of prior year's receipts	(2,468)	(2,500)	-	2,500
Transfers in	72,000	72,000	72,466	466
Transfers (out)	(2,043,287)	(2,070,000)	(1,972,466)	97,534
Advances in	40,000	40,000	2,669,700	2,629,700
Advances (out)	(9,871)	(10,000)	(487,036)	(477,036)
Sale of capital assets	3,500	3,500	4,182	682
Total other financing sources (uses)	<u>(1,935,126)</u>	<u>(1,962,000)</u>	<u>286,846</u>	<u>2,248,846</u>
Net change in fund balance	934,124	621,724	4,024,072	3,402,348
Fund balance at beginning of year	13,392,895	13,392,895	13,392,895	-
Prior year encumbrances appropriated	968,946	968,946	968,946	-
Fund balance at end of year	<u>\$ 15,295,965</u>	<u>\$ 14,983,565</u>	<u>\$ 18,385,913</u>	<u>\$ 3,402,348</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

	Private-Purpose Trust
	Scholarship
Assets:	
Equity in pooled cash and cash equivalents	\$ 23,331
Total assets	23,331
 Net position:	
Restricted for individuals, organizations and other governments	23,331
Total net position	\$ 23,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Private-Purpose Trust
	Scholarship
Additions:	
Earnings on investments	\$ 199
Contributions and donations	330
Total additions	529
Change in net position	529
Net position at beginning of year	22,802
Net position at end of year	\$ 23,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Johnstown-Monroe Local School District (the “District”) is located in Licking County in Johnstown, Ohio. The District was established in 1813 through the consolidation of existing land areas and school districts. The District currently serves an area of approximately 54 square miles and includes all of the City of Johnstown and portions of Monroe, Liberty and Jersey Townships in Licking County and Harlem Township in Delaware County.

The District was organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates four (4) instructional buildings, 1 administrative building and 1 garage. The District employs 49 classified staff, 119 certified staff and 16 administrators (full-time and part-time) to provide services to approximately 1,638 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 District’s significant accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Licking Area Computer Association (LACA)

LACA is the computer service organization or Data Acquisition Site (DAS) used by the District. LACA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Licking County Educational Service Center acts as the fiscal agent for the association. The purpose of the association is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the association are required to pay fees, charges and assessments as charged. A Board made up of superintendents from all of the participating districts governs LACA. An elected Executive Board consisting of five members of the Governing Board is the managerial body of the association and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility.

Career and Technology Education Centers of Licking County ("C-TEC")

"C-TEC" is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial statements can be obtained from "C-TEC" administrative offices at 150 Price Road, Newark, Ohio 43055.

Joint Recreation District

The District entered into a Joint Recreation District agreement effective August 3, 2021 with the City of Johnstown pursuant to Ohio Revised Code Sections 755.14 and 755.16 to furnish priority use of their facilities and the operation and management of its programs. The Joint Recreation District is established for ten years and may be renewed and extended for additional successive terms of ten years by appropriate resolutions adopted by the parties. The Joint Recreation District is governed by a Board of Trustees consisting of five voting members, two from the City and two from the School District and one appointed by majority vote of the existing Board representatives. Any party may withdraw from the District upon certification of a resolution proclaiming a withdrawal to the Joint Recreation District's Board of Trustees.

INSURANCE POOL

Ohio School Plan (the "Plan")

The District participates in the Plan, an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. See Note 12 for detailed information about the plan.

B. Fund Accounting

The 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.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement fund - The bond retirement fund is used to account primarily for District resources that are restricted for principal and interest on the District's outstanding bonds.

Capital projects fund - The capital projects fund is used to account primarily for District resources that are committed for District renovation and construction related to District facility projects.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets and; (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

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 used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. In FY23, the District only utilized private-purpose trusts which accounted for scholarship programs for students.

C. Basis of Presentation and Measurement Focus

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet.

The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust funds is reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from income taxes is recognized in the period in which the income is earned (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 fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the 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, income taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes 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 of resources 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. Unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes, and payment in lieu of taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

Estimated Resources: By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying a new amended certificate is not necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

In the budgetary statement, the amounts reported as the original budgeted amounts represent the first appropriations passed by the Board during the fiscal year including amounts automatically carried over from prior years and the amounts reported as the final budgeted amounts represent the final appropriations passed by the Board during the fiscal year; including all amendments.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" in the basic financial statements.

During fiscal year 2023, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), non-negotiable certificates of deposit, negotiable certificates of deposit, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) Securities, Federal National Mortgage Association (FNMA) securities, commercial paper, repurchase agreement, U.S. treasury notes, and U.S. government money market accounts.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

The District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The 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.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Investment earnings are assigned to the general fund, classroom facilities fund, capital projects fund, food service fund and the private-purpose trust funds. Investment earnings credited to the general fund during fiscal year 2023 amounted to \$516,580.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment accounts at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

Governmental capital assets are those assets that are generally related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. 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. The District does not possess infrastructure. The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

All reported capital assets, except land and construction in progress, 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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 50 years
Buildings and improvements	5 - 50 years
Furniture, equipment, vehicles, and textbooks	5 - 20 years
Intangible right to use - equipment	5 years
Infrastructure	5 - 50 years

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund loan receivables and payables. These interfund balances between governmental funds are eliminated for reporting on the statement of net position.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. (For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees age 50 with at least 10 years of service or any age with 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16).

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

K. 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 year. Notes and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investments in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes primarily represents amounts restricted for scholarships, other grants, and staff wellness activities.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

O. Budget Stabilization Arrangement

The District has established a budget stabilization reserve in accordance with authority established by State law. Additions to the budget stabilization reserve can only be made by formal resolution of the Board of Education. Expenditures out of the budget stabilization reserve can only be made to offset future budget deficits. At June 30, 2023, the balance in the budget stabilization reserve was \$1,157,574. This amount is included in unassigned fund balance of the general fund and in unrestricted net position on the statement of net position.

P. Bond Issuance Costs/Unamortized Bond Premium and Discount/Deferred Charges on Debt Refunding

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refunding's resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred inflow/outflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

Q. Estimates

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

R. Interfund Activity

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District reported a special item for the refund of \$546,096 in State grant funding to the Ohio Facilities Construction Commission (OFCC) as part of their facilities project close-out.

U. Fair Value

The 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the District has implemented GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription Based Information Technology Arrangements", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying 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 implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Miscellaneous State Grants	\$ 140,318
ESSER	1
Title I	1
Building fund	13,303

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 of Education 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.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments, 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. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.
8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was \$95,477. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2023, the District's bank balance of \$649,332 was covered by the FDIC.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2023, the District's financial institutions were approved for a collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

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

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Repurchase Agreement	\$ 9,569,343	\$ 9,569,343	\$ -	\$ -	\$ -	\$ -
FFCB	1,000,286	344,775	-	-	276,018	379,493
FHLB	4,360,541	-	580,665	1,892,600	-	1,887,276
FHLMC	1,548,552	1,274,248	274,304	-	-	-
FNMA	226,997	-	-	-	-	226,997
US Treasury Notes	993,088	511,770	241,748	-	-	239,570
US Government						
Money Market	2,797,327	2,797,327	-	-	-	-
Commercial Paper	2,526,489	1,323,753	1,202,736	-	-	-
Negotiable CDs	2,828,773	733,590	718,835	235,166	459,198	681,984
<i>Amortized Cost:</i>						
STAR Ohio	<u>5,411,000</u>	<u>5,411,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 31,262,396</u>	<u>\$ 21,965,806</u>	<u>\$ 3,018,288</u>	<u>\$ 2,127,766</u>	<u>\$ 735,216</u>	<u>\$ 3,415,320</u>

The weighted average maturity of the District's investments is 0.55 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FHLB, FNMA, FFCB, FHLMC), commercial paper, US Treasury Notes, repurchase agreements and negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal securities, US Treasury Notes, and investments that underly the repurchase agreement were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated either an A-1 or A-1+ by Standard & Poor's and P-1 by Moody's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The U.S. Government money market and negotiable CD's are not rated. The negotiable CD's are fully covered by FDIC. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
Repurchase agreements	\$ 9,569,343	30.60%
FFCB	1,000,286	3.20%
FHLB	4,360,541	13.95%
FHLMC	1,548,552	4.95%
FNMA	226,997	0.73%
US Treasury Notes	993,088	3.18%
US Government Money Market	2,797,327	8.95%
Commercial Paper	2,526,489	8.08%
Negotiable CDs	2,828,773	9.05%
STAR Ohio	<u>5,411,000</u>	17.31%
Total	<u>\$ 31,262,396</u>	100.00%

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 95,477
Investments	<u>31,262,396</u>
Total	<u>\$ 31,357,873</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 31,334,542
Private-purpose trust funds	<u>23,331</u>
Total	<u>\$ 31,357,873</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - INTERFUND TRANSACTIONS

A. Transfers

Interfund transfers for the fiscal year ended June 30, 2023, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>		
Capital projects fund	\$	1,900,000
<u>Transfers from nonmajor governmental fund to:</u>		
Nonmajor governmental funds		<u>1,756,638</u>
Total		<u>\$ 3,656,638</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The District transferred \$1,154,124 from the classroom facilities fund (a nonmajor governmental fund) to the building fund (a nonmajor governmental fund) and \$602,514 from the classroom facilities fund (a nonmajor governmental fund) to the permanent improvement fund (a nonmajor governmental fund). These transfers were done as part of the closeout of the Ohio Facilities Construction Commission school construction project.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers made in fiscal year 2023 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund loans

Interfund loans consisted of the following at June 30, 2023, as reported on the fund financial statements:

<u>Interfund loan receivable:</u>	<u>Interfund loan payable</u>	<u>Amount</u>
General	Nonmajor governmental fund	<u>\$ 189,269</u>

The primary purpose of the interfund balances is to cover the movement of funds related to activity where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 6 - PROPERTY TAXES – (Continued)

Property taxes include amounts levied against all real property and public utility property. 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 fair 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 2023 taxes. Public utility real and 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 District receives property taxes from Licking and Delaware Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$2,558,727 in the general fund, \$399,286 in the bond retirement fund and \$34,795 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$859,988 in the general fund, \$158,950 in the bond retirement fund and \$14,127 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2022 Second Half Collections		2023 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 374,920,724	90.27%	\$ 425,994,602	91.11%
Public utility personal	<u>40,414,730</u>	<u>9.73%</u>	<u>41,549,760</u>	<u>8.89%</u>
Total	<u>\$ 415,335,454</u>	<u>100.00%</u>	<u>\$ 467,544,362</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 41.00		\$ 39.90	

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 7 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

The City of New Albany, the City of Johnstown and Licking County provide tax abatements through Community Reinvestment Areas (CRAs).

Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The CRA agreements entered into by the City of New Albany, the City of Johnstown and Licking County affect the property tax receipts collected and distributed to the District. There were 12 parcels impacted by CRA agreements that affected the District. Under these agreements, the District's property taxes were reduced by \$51,714.

NOTE 8 - RECEIVABLES

Receivables for governmental activities at June 30, 2023 consisted of property taxes, income taxes, payments in lieu of taxes, accounts receivable, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:	
Property taxes	\$ 13,014,575
Income taxes	2,239,630
Payments in lieu of taxes	586,054
Accounts	6,146
Accrued interest	36,799
Intergovernmental	<u>426,872</u>
 Total	 <u>\$ 16,310,076</u>

All receivables are expected to be collected within the subsequent year.

NOTE 9 - INCOME TAXES

The District levies a voted income tax of one percent on the income of residents and on estates for general operations of the District. The income tax became effective on January 1, 2009 and was in effect for a period of five years, until December 31, 2013. This income tax levied was renewed in 2013 and 2018 for an additional five year term on each renewal. Employers of residents are required to withhold income tax on employee compensation and then remit that income tax to the State, and taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and amounted to \$5,079,689 for fiscal year 2023.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - CAPITAL ASSETS

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

	<u>Balance</u> <u>06/30/22</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>06/30/23</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 300,961	\$ -	\$ -	\$ 300,961
Construction in progress	9,803,721	865,588	(10,669,309)	-
Total capital assets, not being depreciated/amortized	<u>10,104,682</u>	<u>865,588</u>	<u>(10,669,309)</u>	<u>300,961</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	2,239,438	8,300	-	2,247,738
Buildings and improvements	54,440,476	10,732,724	-	65,173,200
Furniture and equipment	1,824,315	270,828	(23,415)	2,071,728
Vehicles	148,929	26,005	-	174,934
Intangible right to use:				
Equipment	<u>132,587</u>	<u>37,201</u>	<u>(18,554)</u>	<u>151,234</u>
Total capital assets, being depreciated/amortized	<u>58,785,745</u>	<u>11,075,058</u>	<u>(41,969)</u>	<u>69,818,834</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(762,990)	(92,181)	-	(855,171)
Buildings and improvements	(8,450,841)	(1,543,434)	-	(9,994,275)
Furniture and equipment	(623,987)	(116,308)	15,397	(724,898)
Vehicles	(55,786)	(13,447)	-	(69,233)
Intangible right to use:				
Equipment	<u>(39,212)</u>	<u>(40,758)</u>	<u>12,976</u>	<u>(66,994)</u>
Total accumulated depreciation/amortization	<u>(9,932,816)</u>	<u>(1,806,128)</u>	<u>28,373</u>	<u>(11,710,571)</u>
Governmental activities capital assets, net	<u>\$ 58,957,611</u>	<u>\$ 10,134,518</u>	<u>\$ (10,682,905)</u>	<u>\$ 58,409,224</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 10 - CAPITAL ASSETS – (Continued)

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

<u>Instruction:</u>	
Regular	\$ 1,139,065
Special	47,648
Vocational	23,659
<u>Support services:</u>	
Pupil	12,857
Instructional staff	88,647
Administration	53,366
Operations and maintenance	201,231
Extracurricular activities	105,046
<u>Operation of non-instructional services:</u>	
Food service operations	<u>134,609</u>
Total depreciation/amortization expense	<u>\$ 1,806,128</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. During the fiscal year ended June 30, 2023, the following changes occurred in the District's long-term obligations.

	Balance Outstanding <u>06/30/22</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>06/30/23</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
Net pension liability	\$ 10,166,659	\$ 6,939,773	\$ -	\$ 17,106,432	\$ -
Net OPEB liability	1,097,595	-	(242,529)	855,066	-
Refunding Bonds - 2016	10,900,000	-	(175,000)	10,725,000	200,000
Refunding Bonds - 2016 (CABS)	129,729	-	-	129,729	-
Refunding Bonds - 2016 (accrued interest)	288,089	97,428	-	385,517	-
Refunding Bonds - 2020	20,415,000	-	(695,000)	19,720,000	700,000
Refunding Bonds - 2020 (CABS)	409,997	-	-	409,997	-
Refunding Bonds - 2020 (accrued interest)	266,691	203,572	-	470,263	-
Compensated absences	947,299	199,043	(90,140)	1,056,202	169,113
Lease obligation	<u>83,532</u>	<u>36,122</u>	<u>(38,877)</u>	80,777	<u>41,878</u>
Total long-term obligations, governmental activities	<u>\$ 44,704,591</u>	<u>\$ 7,475,938</u>	<u>\$ (1,241,546)</u>	50,938,983	<u>\$ 1,110,991</u>
Add: Premium on refunding				<u>3,059,872</u>	
Total on statement of net position				<u>\$ 53,998,855</u>	

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS – (Continued)

Compensated absences will be paid from the fund from which the employee is paid, which is primarily the general fund. See Note 13 for net pension liability detail. See Note 14 for net OPEB liability detail.

Leases Payable - The District has entered into lease agreements for the use of right to use equipment. The District reports an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and the permanent improvement fund (a nonmajor governmental fund).

The District has entered into lease agreements for copier equipment and a gator at varying years and terms as follows:

<u>Description</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copier Equipment	2021	5	2025	Monthly
Gator	2022	2	2024	Monthly
Copier Equipment	2023	3	2025	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 41,878	\$ 1,862	\$ 43,740
2025	39,899	651	40,550
Total	<u>\$ 81,777</u>	<u>\$ 2,513</u>	<u>\$ 84,290</u>

- B.** On October 17, 2016, the District issued general obligation bonds (Series 2016 Refunding Bonds) to advance refund \$11,865,000 of the series 2014 school improvement general obligation bonds.

The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of current interest bonds, par value \$11,735,000 and capital appreciation bonds, par value \$129,729. The interest rates on the current interest bonds range from 1.0% to 4.0%. The capital appreciation bonds mature annually on December 1, 2030, December 1, 2031, December 1, 2032 and December 1, 2041 (interest rate 22.10%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$4,110,001. Total accreted interest of \$385,517 has been included on the statement of net position. Interest payments of the current interest bonds are due on June 1 and December 1 of each year and paid from the bond retirement fund. The final maturity date stated on the issue is December 1, 2044.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,507,619. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. On July 9, 2020 the District issued \$21,134,997 in general obligation bonds (Series 2020 Refunding Bonds) to advance refund \$21,135,000 of the series 2014 school improvement general obligation bonds.

The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of current interest bonds, par value \$2,585,000, term bonds, par value \$18,140,000 and capital appreciation bonds, par value \$409,997. The interest rates on the current interest and term bonds range from 1.02% to 3.16%. The capital appreciation bonds mature annually on December 1, 2025, December 1, 2026, and December 1, 2027 (interest rate 28.15%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,160,000. Total accreted interest of \$470,263 has been included on the statement of net position. Interest payments of the current interest bonds are due on June 1 and December 1 of each year and paid from the bond retirement fund. The final maturity date stated on the issue is December 1, 2052.

The reacquisition price exceeded the net carrying amount of the old debt by \$219,214. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The refunding resulted in a net present value savings of \$1,651,254 and an actual savings of \$2,593,302 over 32 years.

Fiscal Year Ending June 30	Refunding Bonds (Series 2016)			Capital Appreciation Refunding Bonds (Series 2016)		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 200,000	\$ 364,100	\$ 564,100	\$ -	\$ -	\$ -
2025	185,000	360,100	545,100	-	-	-
2026	195,000	352,700	547,700	-	-	-
2027	200,000	344,900	544,900	-	-	-
2028	210,000	336,900	546,900	-	-	-
2029 - 2033	1,805,000	1,390,500	3,195,500	123,243	2,741,758	2,865,001
2034 - 2038	570,000	1,248,050	1,818,050	-	-	-
2039 - 2043	4,745,000	857,188	5,602,188	6,486	1,238,514	1,245,000
2044 - 2045	<u>2,615,000</u>	<u>128,213</u>	<u>2,743,213</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,725,000</u>	<u>\$ 5,382,650</u>	<u>\$ 16,107,650</u>	<u>\$ 129,729</u>	<u>\$ 3,980,272</u>	<u>\$ 4,110,001</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30	Current Interest G.O. Bonds (Series 2020)			Capital Appreciation G.O. Bonds (Series 2020)		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 700,000	\$ 560,838	\$ 1,260,838	\$ -	\$ -	\$ -
2025	710,000	551,705	1,261,705	-	-	-
2026	-	546,841	546,841	173,815	546,185	720,000
2027	-	546,841	546,841	133,560	586,440	720,000
2028	-	546,841	546,841	102,622	617,378	720,000
2029 - 2033	290,000	2,718,017	3,008,017	-	-	-
2034 - 2038	4,790,000	2,394,375	7,184,375	-	-	-
2039 - 2043	170,000	2,042,146	2,212,146	-	-	-
2044 - 2048	4,575,000	1,819,746	6,394,746	-	-	-
2049 - 2053	8,485,000	687,221	9,172,221	-	-	-
Total	\$ 19,720,000	\$ 12,414,571	\$ 32,134,571	\$ 409,997	\$ 1,750,003	\$ 2,160,000

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, resulted in a voted debt margin of \$14,088,308 (including available funds of \$2,994,041), an unvoted debt margin of \$467,544 and an energy conservation debt margin of \$4,207,899.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

During fiscal year 2023, the District contracted with Ohio School Plan (“OSP”). The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan’s business and affairs are conducted by a fifteen member Board consisting of superintendents, treasurers, and a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan’s administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - RISK MANAGEMENT - (Continued)

During fiscal year 2023, the District contracted with Ohio School Plan (OSP) for the following coverages:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limitations</u>
Building - replacement cost	\$ 1,000	\$89,723,965
Earthquake	none	not covered
Flood	none	not covered
Vehicle Liability - each accident	none	6,000,000
Uninsured Motorists - each accident	none	1,000,000
Commercial Crime:		
Employee dishonesty	5,000	1,000,000
Forgery or alteration	5,000	1,000,000
Employee Benefits Liability:		
Per occurrence	2,500	\$6,000,000
Aggregate	2,500	\$8,000,000
Employer's Liability:		
Each accident	none	6,000,000
Each employee	none	6,000,000
Aggregate Limit	none	6,000,000
General Liability:		
Per occurrence	none	\$6,000,000
General aggregate	none	8,000,000
Errors and omissions	none	6,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in the amounts of insurance coverage from fiscal year 2022.

B. Employee Health

The District provides medical/surgical benefits insurance to its employees through Medical Mutual of Ohio (via the Ohio School Benefits Cooperative) and dental insurance through Delta Dental, two fully funded programs. The District has also elected to provide life insurance and accidental death and dismemberment insurance to all employees through One America (via MEC). The District implemented a Health Savings Account (HSA) medical plan option effective January 1, 2023 to reduce group health plan costs. Approximately 39 staff members participate in the HSA. Participating members receive an annual board paid contribution to their HSA as follows: family \$3,000 and single \$1500. These contributions are paid in two halves each January and June.

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - 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 represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual basis of accounting.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District's non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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 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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$84,804 for fiscal year 2023. Of this amount, \$73,476 is reported as pension and postemployment benefits payable.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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 (CO) 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 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment at age 50 and after termination of employment.

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

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to STRS was \$1,243,452 for fiscal year 2023. Of this amount, \$214,304 is reported as pension and postemployment benefits 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 District's proportion of the net pension liability was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05642660%	0.06323123%	
Proportion of the net pension liability current measurement date	<u>0.05941250%</u>	<u>0.06249601%</u>	
Change in proportionate share	<u>0.00298590%</u>	<u>-0.00073522%</u>	
Proportionate share of the net pension liability	\$ 3,213,490	\$ 13,892,942	\$ 17,106,432
Pension expense	\$ 173,540	\$ 1,723,024	\$ 1,896,564

At June 30, 2023, the 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	\$ 130,149	\$ 177,847	\$ 307,996
Net difference between projected and actual earnings on pension plan investments	-	483,443	483,443
Changes of assumptions	31,707	1,662,568	1,694,275
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	57,997	400,471	458,468
Contributions subsequent to the measurement date	<u>84,804</u>	<u>1,243,452</u>	<u>1,328,256</u>
Total deferred outflows of resources	<u>\$ 304,657</u>	<u>\$ 3,967,781</u>	<u>\$ 4,272,438</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 21,095	\$ 53,145	\$ 74,240
Net difference between projected and actual earnings on pension plan investments	112,136	-	112,136
Changes of assumptions	-	1,251,436	1,251,436
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	63,581	161,124	224,705
Total deferred inflows of resources	\$ 196,812	\$ 1,465,705	\$ 1,662,517

\$1,328,256 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ 39,008	\$ 127,996	\$ 167,004
2025	(42,132)	40,614	(1,518)
2026	(160,186)	(318,955)	(479,141)
2027	186,351	1,408,969	1,595,320
Total	\$ 23,041	\$ 1,258,624	\$ 1,281,665

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.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% 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 using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. 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%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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%, 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 4,730,104	\$ 3,213,490	\$ 1,935,763

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% 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 the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% 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 Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real 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>	

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

* Target allocation percentage is effective as of 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% and is net of investment expenses. Over a 30-year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 20,987,177	\$ 13,892,942	\$ 7,893,415

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

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**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$47,492.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$47,492 for fiscal year 2023. Of this amount, \$47,492 is reported as pension and postemployment benefits payable.

Plan Description - 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 Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

OPEB Liabilities/Assets, 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/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.05799460%	0.06323123%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.06090170%</u>	<u>0.06249601%</u>	
Change in proportionate share	<u>0.00290710%</u>	<u>-0.00073522%</u>	
Proportionate share of the net OPEB liability	\$ 855,066	\$ -	\$ 855,066
Proportionate share of the net OPEB asset	\$ -	\$ (1,618,229)	\$ (1,618,229)
OPEB expense	\$ (19,553)	\$ (278,560)	\$ (298,113)

At June 30, 2023, the 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	\$ 7,188	\$ 23,457	\$ 30,645
Net difference between projected and actual earnings on OPEB plan investments	4,445	28,170	32,615
Changes of assumptions	136,008	68,932	204,940
Difference between employer contributions and proportionate share of contributions/change in proportionate share	185,466	19,551	205,017
Contributions subsequent to the measurement date	<u>47,492</u>	<u>-</u>	<u>47,492</u>
Total deferred outflows of resources	<u>\$ 380,599</u>	<u>\$ 140,110</u>	<u>\$ 520,709</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 546,963	\$ 243,029	\$ 789,992
Changes of assumptions	351,010	1,147,485	1,498,495
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>66,484</u>	<u>-</u>	<u>66,484</u>
Total deferred inflows of resources	<u>\$ 964,457</u>	<u>\$ 1,390,514</u>	<u>\$ 2,354,971</u>

\$47,492 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (133,113)	\$ (358,111)	\$ (491,224)
2025	(144,835)	(362,190)	(507,025)
2026	(139,702)	(172,676)	(312,378)
2027	(82,967)	(71,794)	(154,761)
2028	(48,219)	(94,262)	(142,481)
Thereafter	<u>(82,514)</u>	<u>(191,371)</u>	<u>(273,885)</u>
Total	<u>\$ (631,350)</u>	<u>\$ (1,250,404)</u>	<u>\$ (1,881,754)</u>

Actuarial Assumptions - SERS

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

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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% 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.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-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%, 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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the 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, what the 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 the 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 (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,062,005	\$ 855,066	\$ 688,010
		Current Trend Rate	
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 659,409	\$ 855,066	\$ 1,110,626

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% 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% 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 the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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 Tables with 90% of rates for males and 100% 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.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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

Asset Class	Target Allocation*	Long-Term Expected Real 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 as of 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% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those 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 fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, 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%) or one percentage point higher (8.00%) 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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,498,511	\$ 1,618,229	\$ 1,722,921
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,678,498	\$ 1,618,229	\$ 1,542,156

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**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 4,024,072
Net adjustment for revenue accruals	2,009,773
Net adjustment for expenditure accruals	(276,190)
Net adjustment for other sources/uses	(2,146,542)
Funds budgeted elsewhere *	(9,347)
Adjustment for encumbrances	630,574
GAAP basis	\$ 4,232,340

*Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, unclaimed monies fund and the public school support fund.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to legal proceedings that would have a financial impact on the District.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by 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 fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2022	\$ -
Current year set-aside requirement	376,905
Current year qualifying expenditures	-
Current year offsets	<u>(1,900,000)</u>
Total	<u>\$ (1,523,095)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside balance June 30, 2023	<u>\$ -</u>

During fiscal years 1999 and in 2006, the District issued a total of \$837,878 in capital related HB 264 energy conservation notes and in 2015, the District issued \$35,859,999 in school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to zero. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$36,366,790 at June 30, 2023.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 475,644
Capital projects fund	34,424
Nonmajor governmental	<u>100,075</u>
Total	<u>\$ 610,143</u>

NOTE 19 - COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.05941250%	0.05642660%	0.05233910%	0.05707850%
District's proportionate share of the net pension liability	\$ 3,213,490	\$ 2,081,978	\$ 3,461,818	\$ 3,415,107
District's covered payroll	\$ 2,280,900	\$ 1,963,907	\$ 2,043,207	\$ 1,974,867
District's proportionate share of the net pension liability as a percentage of its covered payroll	140.89%	106.01%	169.43%	172.93%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.05520380%	0.04946910%	0.05190070%	0.04993490%	0.04558600%	0.04558600%
\$ 3,161,624	\$ 2,955,669	\$ 3,798,652	\$ 2,849,334	\$ 2,307,082	\$ 2,710,853
\$ 1,580,407	\$ 1,720,614	\$ 1,631,929	\$ 1,503,300	\$ 1,324,639	\$ 1,055,311
200.05%	171.78%	232.77%	189.54%	174.17%	256.88%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**JOHNSTOWN-MUNROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
District's proportion of the net pension liability	0.06249601%	0.06323123%	0.06047629%	0.05981397%
District's proportionate share of the net pension liability	\$ 13,892,942	\$ 8,084,681	\$ 14,633,110	\$ 13,227,500
District's covered payroll	\$ 8,138,907	\$ 7,942,507	\$ 7,487,943	\$ 6,803,800
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.70%	101.79%	195.42%	194.41%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.05932655%	0.05881543%	0.05754220%	0.05617888%	0.05410800%	0.05410800%
\$ 13,044,576	\$ 13,971,731	\$ 19,261,109	\$ 15,526,199	\$ 13,160,892	\$ 15,677,168
\$ 6,720,021	\$ 6,405,057	\$ 6,186,000	\$ 5,953,993	\$ 5,528,323	\$ 5,523,623
194.12%	218.14%	311.37%	260.77%	238.06%	283.82%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 375,030	\$ 319,326	\$ 274,947	\$ 286,049
Contributions in relation to the contractually required contribution	<u>(375,030)</u>	<u>(319,326)</u>	<u>(274,947)</u>	<u>(286,049)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,678,786	\$ 2,280,900	\$ 1,963,907	\$ 2,043,207
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 266,607	\$ 213,355	\$ 240,886	\$ 228,470	\$ 198,135	\$ 183,595
<u>(266,607)</u>	<u>(213,355)</u>	<u>(240,886)</u>	<u>(228,470)</u>	<u>(198,135)</u>	<u>(183,595)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,974,867	\$ 1,580,407	\$ 1,720,614	\$ 1,631,929	\$ 1,503,300	\$ 1,324,639
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	\$ 1,243,452	\$ 1,139,447	\$ 1,111,951	\$ 1,048,312
Contributions in relation to the contractually required contribution	(1,243,452)	(1,139,447)	(1,111,951)	(1,048,312)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 8,881,800	\$ 8,138,907	\$ 7,942,507	\$ 7,487,943
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 952,532	\$ 940,803	\$ 896,708	\$ 866,040	\$ 833,559	\$ 718,682
<u>(952,532)</u>	<u>(940,803)</u>	<u>(896,708)</u>	<u>(866,040)</u>	<u>(833,559)</u>	<u>(718,682)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,803,800	\$ 6,720,021	\$ 6,405,057	\$ 6,186,000	\$ 5,953,993	\$ 5,528,323
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.06090170%	0.05799460%	0.05456080%	0.05844320%	0.05583290%	0.05034970%	0.05259512%
District's proportionate share of the net OPEB liability	\$ 855,066	\$ 1,097,595	\$ 1,185,785	\$ 1,469,724	\$ 1,548,955	\$ 1,351,254	\$ 1,499,155
District's covered payroll	\$ 2,280,900	\$ 1,963,907	\$ 2,043,207	\$ 1,974,867	\$ 1,580,407	\$ 1,720,614	\$ 1,631,929
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.49%	55.89%	58.04%	74.42%	98.01%	78.53%	91.86%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.06249601%	0.06323123%	0.06047629%	0.05981397%	0.05932655%	0.05881543%	0.05754220%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,618,229)	\$ (1,333,179)	\$ (1,062,870)	\$ (990,663)	\$ (953,317)	\$ 2,294,761	\$ 3,077,372
District's covered payroll	\$ 8,138,907	\$ 7,942,507	\$ 7,487,943	\$ 6,803,800	\$ 6,720,021	\$ 6,405,057	\$ 6,186,000
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.88%	16.79%	14.19%	14.56%	14.19%	35.83%	49.75%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 47,492	\$ 40,549	\$ 36,386	\$ 36,227
Contributions in relation to the contractually required contribution	<u>(47,492)</u>	<u>(40,549)</u>	<u>(36,386)</u>	<u>(36,227)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,678,786	\$ 2,280,900	\$ 1,963,907	\$ 2,043,207
Contributions as a percentage of covered payroll	1.77%	1.78%	1.63%	1.77%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 45,307	\$ 37,304	\$ 28,136	\$ 26,611	\$ 35,328	\$ 23,373
<u>(45,307)</u>	<u>(37,304)</u>	<u>(28,136)</u>	<u>(26,611)</u>	<u>(35,328)</u>	<u>(23,373)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,974,867	\$ 1,580,407	\$ 1,720,614	\$ 1,631,929	\$ 1,503,300	\$ 1,324,639
2.29%	1.77%	1.92%	1.63%	2.35%	1.76%

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,881,800	\$ 8,138,907	\$ 7,942,507	\$ 7,487,943
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,754
-	-	-	-	-	(55,754)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,803,800	\$ 6,720,021	\$ 6,405,057	\$ 6,186,000	\$ 5,953,993	\$ 5,528,323
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% 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 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued):

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

SUPPLEMENTARY INFORMATION

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2023	\$ 60,538
National School Lunch Program	10.555	2023	421,465
COVID-19 - National School Lunch Program	10.555	COVID-19, 2023	48,766
National School Lunch Program - Food Donation	10.555	2023	77,266
Total National School Lunch Program			547,497
Total Child Nutrition Cluster			608,035
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2023	628
Total U.S. Department of Agriculture			608,663
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	COVID-19	151,272
Total U.S. Department of Treasury			151,272
U.S. FEDERAL COMMUNICATIONS COMMISSION			
<i>Direct</i>			
COVID-19 - Emergency Connectivity Fund (ECF) Program - Equipment	32.009	COVID-19, 2022, ECF222116355	5,726
Total U.S. Federal Communications Commission			5,726
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	131,457
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	757
Total Title I Grants to Local Educational Agencies			132,214
Special Education Cluster (IDEA):			
Special Education_ Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	246,822
Special Education_ Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	13,575
Total Special Education_ Grants to States (IDEA, Part B)			260,397
<i>Consortium Amount Passed/Transferred to Licking Regional Educational Service Center</i>			
Special Education_ Preschool Grants (IDEA, Preschool)	84.173A	84.173A, 2023	9,720
Total Special Education Cluster (IDEA)			270,117
<i>Consortium Amount Passed/Transferred to Licking Regional Educational Service Center</i>			
English Language Acquisition State Grants - Title III - Language Instruction for English Learners	84.365A	84.365A, 2023	5,146
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	32,427
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	233
Total Supporting Effective Instruction State Grants			32,660
Student Support and Academic Enrichment Program	84.424A	84.424A, 2023	4,856
Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	10,210
Stronger Connections Grant Program (SCG)	84.424F	84.424F, 2023	2,100
Total Student Support and Academic Enrichment Program			17,166
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2022	173,980
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	54,604
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - State Activity Supplement	84.425U	COVID-19, 84.425U, 2023	209,367
Total Education Stabilization Fund (ESF)			437,951
Total U.S. Department of Education			895,254
Total Federal Financial Assistance			\$ 1,660,915

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Johnstown-Monroe Local School District under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. 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 Johnstown-Monroe Local School District, it is not intended to and does not present the financial position, or changes in net position of the Johnstown-Monroe Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Johnstown-Monroe Local School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

NOTE 5 – PASS THROUGH FUNDS

The Johnstown-Monroe Local School District was awarded federal program allocations to be administered on their behalf by the Licking Regional Educational Service Center (ESC). For fiscal year 2023, the Johnstown-Monroe Local School District's allocations are as follows:

<u>Grant/Program Name</u>	<u>ALN</u>	<u>Reallocated to</u>	<u>Award Amount</u>
Special Education Preschool Grants (IDEA, Preschool)	84.173A	Licking Regional ESC	\$9,720
English Language Acquisitions State Grants - Title III	84.365A	Licking Regional ESC	\$5,146

**Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Johnstown-Monroe Local School District
Licking County
85 W. Douglas Street
Johnstown, Ohio 43031

To the Members of 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Johnstown-Monroe Local School District, Licking County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Johnstown-Monroe Local School District’s basic financial statements, and have issued our report thereon dated February 27, 2024.

Report on Internal Control over Financial Reporting

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

Johnstown-Monroe Local School District

Licking County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Johnstown-Monroe Local School 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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

February 27, 2024

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Johnstown-Monroe Local School District
Licking County
85 W. Douglas Street
Johnstown, Ohio 43031

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Johnstown-Monroe Local School District’s 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 each of the Johnstown-Monroe Local School District’s major federal programs for the fiscal year ended June 30, 2023. The Johnstown-Monroe Local School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Johnstown-Monroe Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Johnstown-Monroe Local School 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 each major federal program. Our audit does not provide a legal determination of the Johnstown-Monroe Local School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School 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 generally accepted auditing standards, *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 Johnstown-Monroe Local School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School 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 Johnstown-Monroe Local School 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 a 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.

Johnstown-Monroe Local School District
Licking County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
February 27, 2024

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	COVID 19 – Education Stabilization Fund (ALN 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	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
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None

OHIO AUDITOR OF STATE KEITH FABER



JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/11/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov