



OHIO AUDITOR OF STATE
KEITH FABER



**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2023**

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TRUMBULL COUNTY
JUNE 30, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

Niles City School District
Trumbull County
309 North Rhodes Avenue
Niles, Ohio 44446

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles City School District, Trumbull County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the Elementary and Secondary School Emergency Relief Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 22 to the 2023 financial statements, respectively, the financial impact of COVID-19 and the emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule 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 20, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2024

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Niles City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

As management of the Niles City School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position increased in fiscal year 2023 due mainly to changes in the net pension liability, net OPEB liability and the deferred inflows of resources associated with these liabilities, along with increases in cash and cash equivalents.
- Capital asset additions for fiscal year 2023 included the completion of the LED lighting upgrade, land improvements, equipment and a new school bus.
- During fiscal year 2023, the School District fully repaid the 2010 general obligation refunding bonds and 2019 technology equipment financed purchase.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

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

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

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest.

Niles City School District
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Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, elementary and secondary school emergency relief special revenue fund and the bond retirement debt service fund.

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

Proprietary Fund The School District maintains an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District utilizes an internal service fund to account for self-insured health insurance claims.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the School District's own programs. These funds use the accrual basis of accounting.

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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2023 compared to 2022.

Niles City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

(Table 1)
Net Position
Governmental Activities

	2023	2022	Change
Assets			
Current and Other Assets	\$24,380,359	\$23,332,221	\$1,048,138
Capital Assets, Net	46,391,664	47,207,286	(815,622)
Net OPEB Asset	2,159,979	1,859,332	300,647
<i>Total Assets</i>	<u>72,932,002</u>	<u>72,398,839</u>	<u>533,163</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	636,446	683,883	(47,437)
Pension	5,368,340	5,523,411	(155,071)
OPEB	419,905	515,720	(95,815)
<i>Total Deferred Outflows of Resources</i>	<u>6,424,691</u>	<u>6,723,014</u>	<u>(298,323)</u>
Liabilities			
Current Liabilities	3,934,419	4,295,906	361,487
Long-Term Liabilities			
Due Within One Year	978,523	1,428,564	450,041
Due In More Than One Year			
Net Pension Liability	22,646,277	14,306,126	(8,340,151)
Net OPEB Liability	1,087,721	1,603,660	515,939
Other Amounts	16,484,558	17,212,268	727,710
<i>Total Liabilities</i>	<u>45,131,498</u>	<u>38,846,524</u>	<u>(6,284,974)</u>
Deferred Inflows of Resources			
Property Taxes	8,253,309	8,620,627	367,318
Pension	3,964,617	13,103,601	9,138,984
OPEB	3,413,890	3,333,918	(79,972)
Leases	89,873	165,256	75,383
<i>Total Deferred Inflows of Resources</i>	<u>15,721,689</u>	<u>25,223,402</u>	<u>9,501,713</u>
Net Position			
Net Investment in Capital Assets	31,500,202	31,715,920	(215,718)
Restricted for:			
Capital Projects	4,184	4,184	0
Debt Service	2,417,921	2,445,499	(27,578)
Unclaimed Monies	27,111	27,111	0
OPEB Plans	444,901	37,530	407,371
Other Purposes	1,240,234	1,242,003	(1,769)
Unrestricted (Deficit)	<u>(17,131,047)</u>	<u>(20,420,320)</u>	<u>3,289,273</u>
<i>Total Net Position</i>	<u>\$18,503,506</u>	<u>\$15,051,927</u>	<u>\$3,451,579</u>

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

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

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$18,503,506 in fiscal year 2023 and \$15,051,927 in fiscal year 2022.

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

Current assets increased primarily due to an increase in cash and cash equivalents due to a reduction of expenses as management enacts cost cutting measures and continues to seek out additional sources of funding. The decrease in capital assets was due to depreciation/amortization outpacing current year additions for the School District. Current liabilities decreased due primarily to decreases in claims payable since the School District is no longer self-insured. Long-term liabilities increased primarily from the increase in net pension liability in fiscal year 2023. The increase in net pension liability is attributable to changes into the pension system valuations. Net position increased due primarily to increases in cash and cash equivalents, net OPEB liability and the deferred inflows associated with the net pension liability.

Niles City School District
Management's Discussion and Analysis
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Table 2 shows the changes in net position for fiscal year 2023 compared to 2022.

Table 2			
Changes in Net Position			
Governmental Activities			
	2023	2022	Change
Program Revenues			
Charges for Services and Sales	\$761,504	\$565,664	\$195,840
Operating Grants and Contributions	9,322,552	8,070,916	1,251,636
<i>Total Program Revenues</i>	10,084,056	8,636,580	1,447,476
General Revenues			
Property Taxes	9,112,240	8,608,677	503,563
Grants and Entitlements	15,996,440	15,947,430	49,010
Unrestricted Contributions	3,275	7,404	(4,129)
Investment Earnings/Interest	170,899	(136,527)	307,426
Miscellaneous	832,582	947,806	(115,224)
<i>Total General Revenues</i>	26,115,436	25,374,790	740,646
<i>Total Revenues</i>	36,199,492	34,011,370	2,188,122
Program Expenses			
Instruction:			
Regular	13,909,250	13,412,909	(496,341)
Special	4,021,440	3,496,601	(524,839)
Vocational	258	51,402	51,144
Student Intervention Services	37,175	55,948	18,773
Support Services			
Pupil	1,525,527	1,536,450	10,923
Instructional Staff	971,573	471,703	(499,870)
Board of Education	387,429	131,122	(256,307)
Administration	2,812,751	2,399,466	(413,285)
Fiscal	534,845	551,944	17,099
Business	107,194	197,086	89,892
Operation and Maintenance of Plant	3,005,252	2,878,449	(126,803)
Pupil Transportation	1,425,101	1,317,570	(107,531)
Central	1,499,589	455,305	(1,044,284)
Operation of Food Services	1,202,509	1,258,404	55,895
Operation of Non-Instructional Services	108,443	121,121	12,678
Extracurricular Activities	625,630	566,516	(59,114)
Interest	573,947	588,813	14,866
<i>Total Program Expenses</i>	32,747,913	29,490,809	(3,257,104)
<i>Change in Net Position</i>	3,451,579	4,520,561	(1,068,982)
Net Position Beginning of Year	15,051,927	10,531,366	4,520,561
Net Position End of Year	\$18,503,506	\$15,051,927	\$3,451,579

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

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

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2023. Charges for sales and services increased primarily due to higher tuition and customer sales related to food service. Operating grants and contributions increased due to additional restricted grant monies received in fiscal year 2023 as the School District seeks out additional funding options. General revenues increased due primarily to an increase in property tax revenue from increased collections compared to the prior year and by an increase in investment earnings/interest due to higher cash balances and more favorable rates of return on investments.

Instruction composes the most significant portion of governmental program expenses. Program expenses increased significantly due to changes in the net pension and net OPEB liabilities. Pension expenses was negative (\$915,944) in fiscal year 2022 versus a positive \$1,416,117 in fiscal year 2023.

The *statement of activities* shows the cost of program services and charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for 2023 compared to 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Niles City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
Unaudited

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2023		2022	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction:				
Regular	\$13,909,250	\$11,021,142	\$13,412,909	\$10,994,335
Special	4,021,440	2,278,850	3,496,601	1,890,999
Vocational	258	(21,467)	51,402	15,440
Student Intervention Services	37,175	0	55,948	1,226
Support Services:				
Pupil	1,525,527	829,709	1,536,450	1,058,017
Instructional Staff	971,573	166,461	471,703	175,469
Board of Education	387,429	387,429	131,122	131,122
Administration	2,812,751	1,538,068	2,399,466	1,793,181
Fiscal	534,845	497,067	551,944	365,484
Business	107,194	107,194	197,086	131,634
Operation and Maintenance of Plant	3,005,252	2,500,764	2,878,449	2,455,850
Pupil Transportation	1,425,101	1,109,307	1,317,570	1,175,295
Central	1,499,589	1,275,094	455,305	18,194
Operation of Food Services	1,202,509	(156,233)	1,258,404	(416,038)
Operation of Non-Instructional Services	108,443	60,257	121,121	57,022
Extracurricular Activities	625,630	496,268	566,516	418,186
Interest and Fiscal Charges	573,947	573,947	588,813	588,813
Total	\$32,747,913	\$22,663,857	\$29,490,809	\$20,854,229

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

Financial Analysis of the Government's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance due to current year revenues continuing to exceed current year expenditures in fiscal year 2023 resulting in more cash and cash equivalents in the general fund. The bond retirement fund had an decrease in fund balance due to current year debt obligation payments exceeding property tax collection revenues. There was no change in fund balance for the elementary and secondary school emergency relief fund.

General Fund Budgeting Highlights

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

Niles City School District
Management's Discussion and Analysis
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Unaudited

During the course of fiscal year 2023, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was attributed to adjustments in all revenues as current funding levels became more identifiable.

The final budget appropriations were lower than the original budget appropriations of the general fund. The change was attributed to decreases in estimates for instructional and support services expenditures as the School District's current year requirements became more apparent.

Capital Assets and Debt

Capital Assets

During fiscal year 2023, the School District's capital asset additions included the completion of the LED lighting upgrade, land improvements, equipment and vehicles. The School District did not have any deletions in fiscal year 2023. For more information about the School District's capital assets, see Note 11 to the basic financial statements.

Debt

On July 13, 2010, the School District issued \$3,535,000 in general obligation bonds to advance refund the callable portion of the 2001 school improvement bonds. The general obligation bonds included serial and capital appreciation (deep discount) bonds in the amount of \$3,445,000 and \$90,000, respectively. These bonds were fully repaid during fiscal year 2023.

On June 20, 2017, the School District issued \$14,700,000 in general obligation bonds to advance refund the callable portion of the 2009 school facilities improvement bonds. The general obligation bonds included serial and term bonds in the amount of \$9,830,000 and \$4,870,000, respectively.

In fiscal year 2019, the School District entered into a financed purchase obligation for the purchase of technology hardware and software. The lease includes interest at a rate of 5.78 percent and will mature on January 1, 2023. This financed purchase was fully repaid during fiscal year 2023.

In fiscal year 2022, the School District entered into a financed purchase obligation for the purchase of LED lighting. The lease includes interest at a rate of 2.90 percent and will mature on December 1, 2028.

The School District's overall debt margin was \$10,618,350 with an unvoted debt margin of \$242,996 at June 30, 2023. For more information about the School District's long-term obligations, see Note 14 to the basic financial statements.

Current Related Financial Activities

On February 26, 2019, the Auditor of State declared the School District to be in a state of fiscal emergency as defined by Ohio Revised Code Section 3316.03(B)(3). Many factors have contributed to the School District's financial condition including significant reductions in State revenues, phase-out of the tangible personal property tax and increasing health care costs.

Niles City School District
Management's Discussion and Analysis
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Unaudited

The School District does not have an operating deficit in the general fund, and the examination of the School District's five year forecast included a non-diverse opinion rendered by the Auditor of State. Meeting these requirements, among other, allowed the School District to be released from fiscal emergency in January 2022.

The School District strives to maintain the highest standards of services to our students, parents and community. As with all school districts in the State of Ohio, State funding issues are constantly monitored to determine the impact on the School District. As the preceding information shows, the School District is heavily reliant on property taxes and State aid to provide the funds necessary to maintain its educational programs.

The School District remains dedicated to fiscal responsibility. The Board of Education and Administration continue to carefully plan in order to provide the resources and education required to meet student needs over the next several years.

Contacting the School District's Financial Management Personnel

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact the Treasurer's office, Niles City School District, 309 N. Rhodes Avenue, Niles, Ohio 44446.

Niles City School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$12,819,091
Accounts Receivable	2,718
Accrued Interest Receivable	38,243
Intergovernmental Receivable	1,121,614
Materials and Supplies Inventory	1,685
Inventory Held for Resale	5,118
Property Taxes Receivable	10,302,017
Leases Receivable	89,873
Non-depreciable Capital Assets	655,575
Depreciable Capital Assets, Net	45,736,089
Net OPEB Asset (See Note 13)	2,159,979
	72,932,002
<i>Total Assets</i>	
Deferred Outflows of Resources	
Deferred Charge on Refunding	636,446
Pension	5,368,340
OPEB	419,905
	6,424,691
<i>Total Deferred Outflows of Resources</i>	
Liabilities	
Accounts Payable	103,921
Contracts Payable	2,429
Accrued Wages and Benefits Payable	1,978,796
Intergovernmental Payable	838,296
Matured Compensated Absences Payable	85,921
Unearned Revenue	877,708
Accrued Interest Payable	47,348
Long-Term Liabilities:	
Due Within One Year	978,523
Due In More Than One Year:	
Net Pension Liability (See Note 12)	22,646,277
Net OPEB Liability (See Note 13)	1,087,721
Other Amounts	16,484,558
	45,131,498
<i>Total Liabilities</i>	
Deferred Inflows of Resources	
Property Taxes	8,253,309
Pension	3,964,617
OPEB	3,413,890
Leases	89,873
	15,721,689
<i>Total Deferred Inflows of Resources</i>	
Net Position	
Net Investment in Capital Assets	31,500,202
Restricted for:	
Capital Outlay	4,184
Debt Service	2,417,921
Unclaimed Monies	27,111
OPEB Plans	444,901
Other Purposes	1,240,234
Unrestricted (Deficit)	(17,131,047)
	\$18,503,506
<i>Total Net Position</i>	

See accompanying notes to the basic financial statements

Niles City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$13,909,250	\$404,365	\$2,483,743	(\$11,021,142)
Special	4,021,440	0	1,742,590	(2,278,850)
Vocational	258	0	21,725	21,467
Student Intervention	37,175	0	37,175	0
Support Services:				
Pupil	1,525,527	0	695,818	(829,709)
Instructional Staff	971,573	0	805,112	(166,461)
Board of Education	387,429	0	0	(387,429)
Administration	2,812,751	89,965	1,184,718	(1,538,068)
Fiscal	534,845	0	37,778	(497,067)
Business	107,194	0	0	(107,194)
Operation and Maintenance of Plant	3,005,252	5,312	499,176	(2,500,764)
Pupil Transportation	1,425,101	0	315,794	(1,109,307)
Central	1,499,589	0	224,495	(1,275,094)
Operation of Non-Instructional Services:				
Food Service Operations	1,202,509	139,494	1,219,248	156,233
Other Non-Instructional Services	108,443	0	48,186	(60,257)
Extracurricular Activities	625,630	122,368	6,994	(496,268)
Interest	573,947	0	0	(573,947)
<i>Totals</i>	<u>\$32,747,913</u>	<u>\$761,504</u>	<u>\$9,322,552</u>	<u>(22,663,857)</u>
General Revenues				
Property Taxes Levied for:				
				7,676,689
				1,294,077
				141,474
				15,996,440
				3,275
				170,899
				832,582
				<u>26,115,436</u>
				3,451,579
				<u>15,051,927</u>
				<u>\$18,503,506</u>

See accompanying notes to the basic financial statements

Niles City School District
Balance Sheet
Governmental Funds
June 30, 2023

	General	Bond Retirement	Elementray and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$8,883,086	\$2,165,095	\$101,423	\$1,642,376	\$12,791,980
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	27,111	0	0	0	27,111
Accounts Receivable	2,718	0	0	0	2,718
Accrued Interest Receivable	38,243	0	0	0	38,243
Intergovernmental Receivable	77,707	0	535,239	508,668	1,121,614
Materials and Supplies Inventory	0	0	0	1,685	1,685
Inventory Held for Resale	0	0	0	5,118	5,118
Leases Receivable	89,873	0	0	0	89,873
Property Taxes Receivable	8,833,233	1,338,912	0	129,872	10,302,017
<i>Total Assets</i>	<u>\$17,951,971</u>	<u>\$3,504,007</u>	<u>\$636,662</u>	<u>\$2,287,719</u>	<u>\$24,380,359</u>
Liabilities					
Accounts Payable	\$55,466	\$0	\$3,934	\$44,521	\$103,921
Contracts Payable	2,429	0	0	0	2,429
Accrued Wages and Benefits Payable	1,509,619	0	208,371	260,806	1,978,796
Intergovernmental Payable	703,760	0	67,423	67,113	838,296
Matured Compensated Absences Payable	81,853	0	0	4,068	85,921
Unearned Revenue	0	0	356,934	520,774	877,708
<i>Total Liabilities</i>	<u>2,353,127</u>	<u>0</u>	<u>636,662</u>	<u>897,282</u>	<u>3,887,071</u>
Deferred Inflows of Resources					
Property Taxes	7,118,690	1,038,738	0	95,881	8,253,309
Unavailable Revenue	1,741,479	291,591	0	33,019	2,066,089
Leases	89,873	0	0	0	89,873
<i>Total Deferred Inflows of Resources</i>	<u>8,950,042</u>	<u>1,330,329</u>	<u>0</u>	<u>128,900</u>	<u>10,409,271</u>
Fund Balances					
Nonspendable	27,111	0	0	1,685	28,796
Restricted	0	2,173,678	0	1,259,852	3,433,530
Assigned	262,552	0	0	0	262,552
Unassigned	6,359,139	0	0	0	6,359,139
<i>Total Fund Balances</i>	<u>6,648,802</u>	<u>2,173,678</u>	<u>0</u>	<u>1,261,537</u>	<u>10,084,017</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$17,951,971</u>	<u>\$3,504,007</u>	<u>\$636,662</u>	<u>\$2,287,719</u>	<u>\$24,380,359</u>

See accompanying notes to the basic financial statements

Niles City School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023*

Total Governmental Fund Balances	\$10,084,017
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	46,391,664
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	1,990,130	
Tuition and Fees	75,959	

Total	2,066,089
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In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(47,348)
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The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:

Net OPEB Asset	2,159,979	
Deferred Outflows - Pension	5,368,340	
Deferred Outflows - OPEB	419,905	
Net Pension Liability	(22,646,277)	
Net OPEB Liability	(1,087,721)	
Deferred Inflows - Pension	(3,964,617)	
Deferred Inflows - OPEB	(3,413,890)	

Total	(23,164,281)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(14,315,902)	
Leases Payable	(16,906)	
Financed Purchases Payable	(1,195,100)	
Compensated Absences	(1,935,173)	
Deferred Charge on Refunding	636,446	

Total	(16,826,635)
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<i>Net Position of Governmental Activities</i>	\$18,503,506
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See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Elementray and Secondary School Emergency Relief	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$7,276,226	\$1,265,974	\$0	\$142,601	\$8,684,801
Intergovernmental	17,263,912	198,680	4,383,406	3,512,266	25,358,264
Investment Earnings/Interest	170,899	0	0	0	170,899
Tuition and Fees	409,117	0	0	0	409,117
Extracurricular Activities	12,187	0	0	122,368	134,555
Contributions and Donations	3,275	0	0	8,544	11,819
Charges for Services	0	0	0	139,494	139,494
Rentals	5,312	0	0	0	5,312
Lease Revenue	75,383	0	0	0	75,383
Miscellaneous	717,167	0	0	9,354	726,521
<i>Total Revenues</i>	<u>25,933,478</u>	<u>1,464,654</u>	<u>4,383,406</u>	<u>3,934,627</u>	<u>35,716,165</u>
Expenditures					
Current:					
Instruction:					
Regular	9,851,148	0	1,347,170	1,078,175	12,276,493
Special	3,719,254	0	853	321,434	4,041,541
Vocational	258	0	0	0	258
Student Intervention	0	0	37,175	0	37,175
Support Services:					
Pupil	972,845	0	438,237	257,581	1,668,663
Instructional Staff	160,839	0	641,006	164,106	965,951
Board of Education	385,516	0	0	600	386,116
Administration	1,592,824	0	911,862	285,227	2,789,913
Fiscal	508,103	26,549	37,778	2,947	575,377
Business	107,105	0	0	89	107,194
Operation and Maintenance of Plant	2,610,889	0	405,082	196,936	3,212,907
Pupil Transportation	1,100,719	0	252,162	63,632	1,416,513
Central	1,384,445	0	217,295	21,590	1,623,330
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,286,542	1,286,542
Other Non-Instructional Services	4,693	0	22,814	26,372	53,879
Extracurricular Activities	446,677	0	0	130,514	577,191
Capital Outlay	1,348,638	0	0	69,029	1,417,667
Debt Service:					
Principal Retirement	294,863	945,000	68,045	0	1,307,908
Interest	40,199	552,413	3,927	0	596,539
<i>Total Expenditures</i>	<u>24,529,015</u>	<u>1,523,962</u>	<u>4,383,406</u>	<u>3,904,774</u>	<u>34,341,157</u>
<i>Net Change in Fund Balances</i>	1,404,463	(59,308)	0	29,853	1,375,008
<i>Fund Balances Beginning of Year</i>	<u>5,244,339</u>	<u>2,232,986</u>	<u>0</u>	<u>1,231,684</u>	<u>8,709,009</u>
<i>Fund Balances End of Year</i>	<u>\$6,648,802</u>	<u>\$2,173,678</u>	<u>\$0</u>	<u>\$1,261,537</u>	<u>\$10,084,017</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds \$1,375,008

*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 are allocated over their useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlay in the current period:

Capital Asset Additions	1,478,793	
Current Year Depreciation/Amortization	(2,294,415)	
Total		(815,622)

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

Property Taxes	427,439	
Intergovernmental	(47,816)	
Tuition and Fees	(2,357)	
Total		377,266

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: 1,307,908

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest on Bonds	3,627	
Amortization of Bond Premium	66,402	
Amortization of Deferred Charge on Refunding	(47,437)	
Total		22,592

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. 96,425

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

Pension	2,059,879	
OPEB	59,506	
Total		2,119,385

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

Pension	(1,416,117)	
OPEB	581,293	
Total		(834,824)

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. (196,559)

Change in Net Position of Governmental Activities \$3,451,579

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property Taxes	\$6,990,214	\$7,292,686	\$7,292,686	\$0
Intergovernmental	16,575,362	17,278,984	17,278,984	0
Interest	274,291	285,935	285,935	0
Tuition and Fees	390,062	406,620	406,620	0
Contributions and Donations	192	200	200	0
Rentals	79,919	83,312	83,312	0
Miscellaneous	681,186	710,102	710,102	0
<i>Total Revenues</i>	<u>24,991,226</u>	<u>26,057,839</u>	<u>26,057,839</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	10,755,208	10,117,361	10,117,361	0
Special	4,054,430	3,815,471	3,815,471	0
Vocational	14,133	13,315	13,315	0
Support Services:				
Pupils	1,106,305	1,042,070	1,042,070	0
Instructional Staff	173,898	163,831	163,831	0
Board of Education	410,206	385,516	385,516	0
Administration	1,760,937	1,657,984	1,657,984	0
Fiscal	543,526	502,768	502,768	0
Business	139,505	131,429	131,429	0
Operation and Maintenance of Plant	3,043,930	2,676,593	2,676,593	0
Pupil Transportation	1,384,489	1,304,337	1,304,337	0
Central	1,464,799	1,378,111	1,378,111	0
Operation of Non-Instructional Services	4,981	4,693	4,693	0
Extracurricular Activities	514,298	446,840	446,840	0
Capital Outlay	798,529	577,068	577,068	0
Debt Service:				
Principal Retirement	197,700	197,700	197,700	0
Interest	38,795	38,795	38,795	0
<i>Total Expenditures</i>	<u>26,405,669</u>	<u>24,453,882</u>	<u>24,453,882</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,414,443)</u>	<u>1,603,957</u>	<u>1,603,957</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers In	5,505	5,505	5,505	0
Transfers Out	(5,505)	(5,505)	(5,505)	0
<i>Net Change in Fund Balance</i>	<u>(1,414,443)</u>	<u>1,603,957</u>	<u>1,603,957</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>7,309,192</u>	<u>7,309,192</u>	<u>7,309,192</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$5,894,749</u></u>	<u><u>\$8,913,149</u></u>	<u><u>\$8,913,149</u></u>	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements

Niles City School District
*Statement of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Elementary and Secondary School Emergency Relief Fund
 For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental	\$4,957,000	\$4,642,756	\$4,416,601	(226,155)
Expenditures				
Current:				
Instruction:				
Regular	1,093,862	1,716,486	1,716,486	0
Special	641	1,006	1,006	0
Student Intervention	23,691	37,175	37,175	0
Support Services:				
Pupils	304,639	433,879	433,879	0
Instructional Staff	1,223,633	642,794	642,794	0
Administration	551,658	865,659	865,659	0
Fiscal	29,522	46,326	46,326	0
Operation and Maintenance of Plant	509,327	410,791	410,791	0
Pupil Transportation	464,664	258,390	258,390	0
Central	137,873	216,349	216,349	0
Operation of Non-Instructional Services	10,441	16,384	16,384	0
<i>Total Expenditures</i>	4,349,951	4,645,239	4,645,239	0
<i>Net Change in Fund Balance</i>	607,049	(2,483)	(228,638)	(226,155)
<i>Fund Deficit Beginning of Year</i>	(2,332)	(2,332)	(2,332)	0
Prior Year Encumbrances Appropriated	4,815	4,815	4,815	0
<i>Fund Balance (Deficit) End of Year</i>	\$609,532	\$0	(\$226,155)	(\$226,155)

See accompanying notes to the basic financial statements

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

	Internal Service
Operating Revenues	
Charges for Services	\$3,547,801
Miscellaneous	106,061
<i>Total Operating Revenues</i>	<i>3,653,862</i>
Operating Expenses	
Purchased Services	807,370
Claims	1,962,776
Other	787,291
<i>Total Operating Expenses</i>	<i>3,557,437</i>
<i>Change in Net Position</i>	<i>96,425</i>
<i>Net Deficit Beginning of Year</i>	<i>(96,425)</i>
<i>Net Position End of Year</i>	<i>\$0</i>

See accompanying notes to the basic financial statements

Niles City School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

	Internal Service
<i>Increase (Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$3,547,801
Other Cash Receipts	147,238
Cash Payments for Goods and Services	(807,370)
Cash Payments for Claims	(2,370,851)
Other Cash Payments	(787,291)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(270,473)
<i>Cash and Cash Equivalents Beginning of Year</i>	270,473
<i>Cash and Cash Equivalents End of Year</i>	\$0
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$96,425
(Increase) Decrease in Assets:	
Accounts Receivables	41,177
Increase (Decrease) in Liabilities:	
Claims Payable	(408,075)
<i>Net Cash Provided by (Used for) Operating Activities</i>	(\$270,473)

See accompanying notes to the basic financial statements

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

	District Tournament
Additions	
Collections for Other Organizations	\$11,155
Deductions	
Distributions to Other Organizations	11,155
<i>Net Increase (Decrease) in Fiduciary Net Position</i>	0
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$0

See accompanying notes to the basic financial statements

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Description of the School District

Niles City School District (the School District) operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's instructional and support facilities which are staffed by 159 certified employees and 78 classified employees who provide services to students and other community members.

The School District is located in Niles, Ohio, Trumbull County, including an area extending roughly eight square miles around the City. The enrollment for the School District during the 2023 fiscal year was 1,871. The School District operates one primary (K-2) school, one intermediate (grades 3-5) school, one middle school and one high school.

Reporting Entity

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

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

The School District is associated with one jointly governed organization, one related organization and two public entity risk pools. These organizations are the Northeast Ohio Management Information Network (NEOMIN), McKinley Memorial Library, Workers' Compensation Group Rating Program and the Trumbull County Schools Employee Insurance Benefit Consortium. These organizations are presented in Notes 15, 16 and 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

Fund Accounting

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

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

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

Bond Retirement Fund The bond retirement fund is used to account for and report property tax revenues restricted for payment of principal and interest and fiscal charges on general obligation debt.

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Elementary and Secondary School Emergency Relief Fund The elementary and secondary school relief fund is used to account for and report restricted emergency COVID-19 pandemic relief grants to school districts for the coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure and purchasing technology for students.

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

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

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District utilizes an internal service fund to account for self-insured health insurance claims. As of January 1, 2023, the School District is no longer self-insured. The remaining cash balance will be used to pay run off claims and future monthly premiums.

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only custodial fund accounts for monies received for athletic tournaments held on behalf of the Ohio High School Athletic Association.

Measurement Focus

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

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

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

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For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

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

Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period

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and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

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

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

Cash and Cash Equivalents

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

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During fiscal year 2023, the School District invested in STAR Ohio, money market accounts, federal home loan bank bonds, federal home loan mortgage corporation notes, federal farm credit bank bonds and negotiable certificates of deposit.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment Earnings/Interest revenue credited to the general fund during 2023 amounted to \$168,282 which includes \$50,516 assigned from other School District funds.

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

Inventory

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

Restricted Assets

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

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year).

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Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	5 years
Buildings and Improvements	25 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	5 - 10 years
Intangible Right to Use - Equipment	3 years

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

Leases

The School District serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

Lessee At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor At the commencement of a lease, the School District City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Interfund Balances

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

Compensated Absences

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

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records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, financed purchases and 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. Bonds, leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Internal Activity

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a

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requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State statute. The Board of Education has assigned fund balance for uniform school supplies, public school support, civil service and workers’ compensation.

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those

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assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Restricted Net Position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes include resources restricted for instruction, support services, operation of non-instructional services, food service operations and extracurricular activities.

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

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are received in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Deferred Charge on Refunding

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

Estimates

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

Operating Revenues and Expenses

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

Unearned Revenue

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

Niles City School District
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Note 3 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).
4. Encumbrances are treated as expenditures (budget) rather than restricted, committed or assigned fund balance (GAAP).
5. Budgetary revenues and expenditures of the uniform school supplies, public school support and workers' compensation funds are classified to the general fund for GAAP reporting.
6. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
7. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund and the major special revenue fund:

Net Change in Fund Balance

	General	Elementary and Secondary School Emergency Relief
GAAP Basis	\$1,404,463	\$0
Revenue Accruals	(50,732)	33,195
Beginning Fair Value Adjustment for Investments	(185,489)	0
Ending Fair Value Adjustment for Investments	307,289	0
Beginning Unrecorded Cash	34,096	0
Expenditure Accruals	390,978	65,745
Perspective Difference:		
Uniform School Supplies	(2,960)	0
Public School Support	10,170	0
Workers' Compensation	(121,292)	0
Encumbrances	(182,566)	(327,578)
Budget Basis	\$1,603,957	(\$228,638)

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Note 4 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable</i>				
Materials and Supplies Inventory	\$0	\$0	\$1,685	\$1,685
Unclaimed Monies	27,111	0	0	27,111
<i>Total Nonspendable</i>	27,111	0	1,685	28,796
<i>Restricted for</i>				
Food Service Operations	0	0	308,823	308,823
Community Programs	0	0	14,657	14,657
Classroom Facilities Maintenance	0	0	776,235	776,235
Athletics & Activities	0	0	51,939	51,939
Scholarship	0	0	104,014	104,014
Debt Service Payments	0	2,173,678	0	2,173,678
Capital Improvements	0	0	4,184	4,184
<i>Total Restricted</i>	0	2,173,678	1,259,852	3,433,530
<i>Assigned to</i>				
Uniform School Supplies	689	0	0	689
Public School Support	37,822	0	0	37,822
Civil Service	699	0	0	699
Workers' Compensation	82,102	0	0	82,102
Purchases on Order:				
Instruction	8,609	0	0	8,609
Support Services/Non-Instructional	132,631	0	0	132,631
<i>Total Assigned</i>	262,552	0	0	262,552
<i>Unassigned</i>	6,359,139	0	0	6,359,139
<i>Total Fund Balances</i>	\$6,648,802	\$2,173,678	\$1,261,537	\$10,084,017

Note 5 - Deposits and Investments

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

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

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

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

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

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

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

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Net Asset Value (NAV) per share: STAR Ohio	\$4,222,173	Average 38.3 Days	AAAm	N/A
Fair Value - Level One Inputs: Hilltop Securities Money Market	154,082	Less than one year	AAAm	N/A
Fair Value - Level Two Inputs: Federal Home Loan Bank Bonds	4,744,623	Less than two years	AA+	42.05%
Federal Home Loan Mortgage Corporation Notes	1,163,510	Less than four years	AA+	10.31%
Federal Farm Credit Bank Bonds	757,887	Less than three years	AA+	6.72%
Negotiable Certificates of Deposit	239,691	Less than four years	AA+	N/A
Total	<u>\$11,281,966</u>			

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

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to within five years from the date of purchase.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Niles City School District
Notes to the Basic Financial Statements
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Concentration of Credit Risk This type of risk is defined by the Governmental Accounting Standards Board as having investments of five percent or more in the securities of a single issuer. The School District's investment policy places no limit on the amount that may be invested in any one issuer.

Note 6 - Property Taxes

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

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

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

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

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

The amount available as an advance at June 30, 2023, was \$49,023 in the general fund, \$8,583 in the bond retirement debt service fund and \$972 in the classroom facilities special revenue fund. The amount available as an advance at June 30, 2022, was \$65,483 in the general fund, \$13,639 in the bond retirement debt service fund and \$1,767 in the classroom facilities special revenue fund.

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

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$234,968,210	97.65%	\$237,227,580	97.63%
Public Utility Personal	5,655,790	2.35	5,768,770	2.37
Total	\$240,624,000	100.00%	\$242,996,350	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$55.80		\$53.00	

Note 7 - Receivables

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

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
ESSER Reimbursement	\$535,239
Title I Grants	314,824
IDEA-B Special Education Grant	83,899
Reducing Class Size Grant	83,316
State Foundation Adjustment	77,707
Food Service Reimbursement	26,629
Total	\$1,121,614

Leases Receivable

The School District is reporting leases receivable of \$89,873 in the general fund at June 30, 2023. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2023, the School District recognized lease revenue of \$75,383 and interest revenue of \$2,617 in the general fund related to lease payments received.

The School District has entered into a lease agreement for classroom space with the Trumbull Community Action Program (TCAP). The lease is a three year agreement with a commencement date of September 2021 and an ending date of August 2024. Lease payments are received monthly.

Niles City School District
Notes to the Basic Financial Statements
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A summary of future lease revenue is as follows:

	General Fund	
Year	Principal	Interest
2024	\$76,905	\$1,095
2025	12,968	32
	\$89,873	\$1,127

Note 8 - Contingencies

Grants

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

School Foundation

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

Litigation

The School District is not party to legal proceedings as of June 30, 2023.

Note 9 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with The Griffith Agency, Inc. for the following:

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Type of Coverage	Coverage
Building and Personal Property (\$5,000 deductible)	\$104,298,745
Crime:	
Employee Theft (\$1,000 deductible)	50,000
Money and Securities:	
Inside Premises	10,000
Outside Premises	10,000
General Liability (\$2,500 deductible)	
Per occurrence	5,000,000
Total Aggregate per Year	6,000,000
Automobile Liability Combine Single Limits	5,000,000
Non-Owned Liability	5,000,000
Hired Liability	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there was no reduction in insurance coverage from last year.

Employee Health Benefits

The School District was self-insured for medical, prescription drug, dental and vision insurance. Aetna administers the medical insurance, prescription drug, and dental for all certified and non-certified employees and administrators. Vision plan is administered by Eye Med for all certified and non-certified employees and administrators. Specific stop-loss coverage has been purchased at \$100,000 for each employee. The administrators review all claims which are paid by the School District. As of January 1, 2023, the School District is no longer self-insured. The remaining cash balance will be used to pay run off claims and future monthly premiums.

Changes in total claims liability during fiscal years 2022 and 2023 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2022	\$381,989	\$5,022,979	\$4,996,893	\$408,075
2023	408,075	1,962,776	2,370,851	0

Trumbull County Schools Employee Insurance Benefit Consortium

As of January 1, 2023, the School District has contracted with the Trumbull County Schools Employee Insurance Benefit Consortium to provide employee medical/surgical, dental, and prescription drug benefits. The Trumbull County Schools Employee Insurance Benefit Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The Niles City School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Anthem is the third party administrator for the Consortium. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. Employees can choose between two different medical/surgical/prescription plans:

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Medical and Prescription	Monthly Premium	
	Option 1	Option 2
Employee	\$755.00	\$676.00
Employee and Spouse	1,585.00	1,420.00
Employee and Child(ren)	1,283.00	1,150.00
Family	2,114.00	1,893.00

For both options, staff pays 8 percent of this premium and the School District pays the remaining percentage. The second option is a high deductible plan. Seventeen (17) employees have selected the second option. If the School District were to withdraw from the Consortium, there would be no liability because premium levels fund a reserve for subsequent claim payments.

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

Worker's Compensation

For fiscal year 2023, the School District participated in the Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Benefit Management Inc. provides administration, cost control, and actuarial services to the GRP.

Note 10 - Other Employee Benefits

Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certified and classified employees with eight or more consecutive years of service are eligible to receive severance. Certified and classified employees receive payment for thirty-five percent of their unused sick days, up to a maximum of seventy days, times the employee's daily rate. All unused accumulated sick days in excess of 200 days up to the maximum allowable are paid out at a rate of \$50 per day for certified and \$40 per day for classified.

Life Insurance Benefits

The School District provides all full-time employees with term life insurance of \$45,000 through American United Life. Premiums are paid by the School District. Part-time employees do not receive term life insurance benefits.

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 11 – Capital Assets

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

	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023
Governmental Activities				
<i>Capital Assets not being Depreciated:</i>				
Land	\$655,575	\$0	\$0	\$655,575
Construction in Progress	665,831	837,769	(1,503,600)	0
<i>Total Nondepreciable Capital Assets</i>	<u>1,321,406</u>	<u>837,769</u>	<u>(1,503,600)</u>	<u>655,575</u>
<i>Capital Assets being Depreciated:</i>				
Land Improvements	4,073,194	130,755	0	4,203,949
Buildings and Improvements	62,635,514	1,503,600	0	64,139,114
Furniture, Fixtures and Equipment	4,118,749	407,212	0	4,525,961
Intangible Right to Use - Equipment **	209,312	0	0	209,312
Vehicles	1,007,158	103,057	0	1,110,215
<i>Total Capital Assets being Depreciated</i>	<u>72,043,927</u>	<u>2,144,624</u>	<u>0</u>	<u>74,188,551</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Land Improvements	(2,220,565)	(187,469)	0	(2,408,034)
Buildings and Improvements	(20,072,726)	(1,706,708)	0	(21,779,434)
Furniture, Fixtures and Equipment	(2,923,061)	(260,535)	0	(3,183,596)
Intangible Right to Use - Equipment **	(95,243)	(97,163)	0	(192,406)
Vehicles	(846,452)	(42,540)	0	(888,992)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(26,158,047)</u>	<u>(2,294,415) *</u>	<u>0</u>	<u>(28,452,462)</u>
<i>Total Assets being Depreciated, Net</i>	<u>45,885,880</u>	<u>(149,791)</u>	<u>0</u>	<u>45,736,089</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$47,207,286</u>	<u>\$687,978</u>	<u>(\$1,503,600)</u>	<u>\$46,391,664</u>

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

Instruction:	
Regular	\$1,962,308
Special	72
Support Services:	
Pupil	659
Instructional Staff	15,462
Board of Education	1,313
Administration	114,724
Fiscal	52
Operation and Maintenance of Plant	45,052
Pupil Transportation	49,008
Other Non-Instructional Services	54,564
Food Service Operations	2,762
Extracurricular Activities	48,439
Total Depreciation/Amortization Expense	<u>\$2,294,415</u>

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

** Of the current year depreciation/amortization total of \$2,294,415, \$97,163 is presented as support services administration expense on the Statement of Activities related to the School District's intangible assets of a postage machine and copiers, which are included as an Intangible Right to Use Lease.

Note 12 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District’s contractually required contribution to SERS was \$433,780 for fiscal year 2023. Of this amount \$46,129 is reported as an intergovernmental payable.

Niles City School District
Notes to the Basic Financial Statements
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State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$1,626,099 for fiscal year 2023. Of this amount \$315,932 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07584470%	0.083418350%	
Prior Measurement Date	<u>0.08214030%</u>	<u>0.088186110%</u>	
Change in Proportionate Share	<u>-0.00629560%</u>	<u>-0.004767760%</u>	
Proportionate Share of the Net			
Pension Liability	\$4,102,272	\$18,544,005	\$22,646,277
Pension Expense	(\$24,624)	\$1,440,741	\$1,416,117

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$166,145	\$237,387	\$403,532
Changes of assumptions	40,478	2,219,160	2,259,638
Net difference between projected and actual earnings on pension plan investments	0	645,291	645,291
School District contributions subsequent to the measurement date	<u>433,780</u>	<u>1,626,099</u>	<u>2,059,879</u>
Total Deferred Outflows of Resources	<u>\$640,403</u>	<u>\$4,727,937</u>	<u>\$5,368,340</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$26,930	\$70,937	\$97,867
Changes of assumptions	0	1,670,390	1,670,390
Net difference between projected and actual earnings on pension plan investments	143,150	0	143,150
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>265,806</u>	<u>1,787,404</u>	<u>2,053,210</u>
Total Deferred Inflows of Resources	<u>\$435,886</u>	<u>\$3,528,731</u>	<u>\$3,964,617</u>

\$2,059,879 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	(\$134,571)	(\$686,925)	(\$821,496)
2025	(128,092)	(693,597)	(821,689)
2026	(204,494)	(927,034)	(1,131,528)
2027	<u>237,894</u>	<u>1,880,663</u>	<u>2,118,557</u>
Total	<u>(\$229,263)</u>	<u>(\$426,893)</u>	<u>(\$656,156)</u>

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,038,348	\$4,102,272	\$2,471,153

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

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

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

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30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$28,013,240	\$18,544,005	\$10,535,963

Note 13 – Defined Benefit OPEB Plans

See Note 12 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may

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allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District’s surcharge obligation was \$59,506.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$59,506 for fiscal year 2023. Of this amount \$59,506 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.07747250%	0.083418350%	
Prior Measurement Date	0.08473400%	0.088186110%	
Change in Proportionate Share	-0.00726150%	-0.004767760%	
Proportionate Share of the:			
Net OPEB Liability	\$1,087,721	\$0	\$1,087,721
Net OPEB (Asset)	\$0	(\$2,159,979)	(\$2,159,979)
OPEB Expense	(\$173,922)	(\$407,371)	(\$581,293)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$9,144	\$31,311	\$40,455
Changes of assumptions	173,016	92,008	265,024
Net difference between projected and actual earnings on OPEB plan investments	5,653	37,600	43,253
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	11,667	11,667
School District contributions subsequent to the measurement date	<u>59,506</u>	<u>0</u>	<u>59,506</u>
Total Deferred Outflows of Resources	<u>\$247,319</u>	<u>\$172,586</u>	<u>\$419,905</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$695,787	\$324,387	\$1,020,174
Changes of assumptions	446,518	1,531,633	1,978,151
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>383,921</u>	<u>31,644</u>	<u>415,565</u>
Total Deferred Inflows of Resources	<u>\$1,526,226</u>	<u>\$1,887,664</u>	<u>\$3,413,890</u>

\$59,506 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 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	(\$318,383)	(\$513,537)	(\$831,920)
2025	(293,632)	(488,335)	(781,967)
2026	(250,047)	(235,293)	(485,340)
2027	(173,344)	(97,337)	(270,681)
2028	(117,887)	(125,979)	(243,866)
Thereafter	<u>(185,120)</u>	<u>(254,597)</u>	<u>(439,717)</u>
Total	<u>(\$1,338,413)</u>	<u>(\$1,715,078)</u>	<u>(\$3,053,491)</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

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involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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

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forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. The most recent experience study was completed for the five year period ended June 30, 2020.

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,350,967	\$1,087,721	\$875,212

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	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$838,829	\$1,087,721	\$1,412,817

Actuarial Assumptions – STRS

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

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$1,996,843)	(\$2,159,979)	(\$2,299,718)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$2,240,423)	(\$2,159,979)	(\$2,058,437)

Note 14 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2010 Refunding General Obligation Bonds:			
Serial Bonds	2.00% to 4.00%	\$3,445,000	2011 to 2023
2017 Refunding Improvement Bonds:			
Serial Bonds	3.00% to 5.00%	9,830,000	2021 to 2033
Term Bonds	2.00% to 5.00%	4,870,000	2018 to 2037

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

	Principal Outstanding 6/30/22	Additions	Deductions	Principal Outstanding 6/30/23	Amounts Due in One Year
General Obligation Bonds:					
2010 Refunding General Obligation Bonds					
Serial Bonds	\$385,000	\$0	(\$385,000)	\$0	\$0
2017 Refunding Improvement Bonds					
Serial Bonds	9,215,000	0	(560,000)	8,655,000	595,000
Term Bonds	4,770,000	0	0	4,770,000	0
Premium	957,304	0	(66,402)	890,902	0
Total 2017 Refunding Improvement Bonds	14,942,304	0	(626,402)	14,315,902	595,000
<i>Total General Obligation Bonds</i>	15,327,304	0	(1,011,402)	14,315,902	595,000
Other Long-Term Obligations					
Net Pension Liability					
SERS	3,030,739	1,071,533	0	4,102,272	0
STRS	11,275,387	7,268,618	0	18,544,005	0
Total Net Pension Liability	14,306,126	8,340,151	0	22,646,277	0
Net OPEB Liability					
SERS	1,603,660	0	(515,939)	1,087,721	0
Leases Payable	114,069	0	(97,163)	16,906	16,906
Financed Purchase From Direct Borrowing	1,460,845	0	(265,745)	1,195,100	203,500
Compensated Absences	1,738,614	317,214	(120,655)	1,935,173	163,117
<i>Total Other Long-Term Obligations</i>	19,223,314	8,657,365	(999,502)	26,881,177	383,523
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$34,550,618	\$8,657,365	(\$2,010,904)	\$41,197,079	\$978,523

Compensated absences will be paid from the general fund and the food service and classroom facilities maintenance special revenue funds. Leases will be paid from the general fund. Financed purchases will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: the general fund, food service, classroom facilities maintenance, ESSER, title VI-B and title I funds. For additional information related to the net pension and net OPEB liabilities see Notes 12 and 13.

On July 13, 2010, the School District issued \$3,535,000 in general obligation bonds to advance refund the callable portion of the 2001 school improvement bonds. The general obligation bonds included serial and capital appreciation (deep discount) bonds in the amount of \$3,445,000 and \$90,000, respectively. The serial bonds mature at varying amounts annually on December 1, beginning in 2010 and ending in 2022. The capital appreciation bonds matured on December 1, 2019. The capital appreciation bonds were purchased at a discount at the time of issuance and, at maturity, all compound interest (accretion) was paid and the bond holder collected face value. The bonds were retired from the debt service fund.

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

On June 20, 2017, the School District issued \$14,700,000 in general obligation bonds to advance refund the callable portion of the 2009 school facilities improvement bonds. The issuance included a premium of \$1,294,850 which is being amortized over the life of the debt. The general obligation bonds included serial and term bonds in the amount of \$9,830,000 and \$4,870,000, respectively. The serial bonds mature at varying amounts annually on December 1, beginning in 2017 and ending in 2032. The term bonds mature on December 1, 2019, December 1, 2034 and December 1, 2036. The bonds will be retired from the debt service fund.

The term bonds maturing on December 1, 2034 and 2036 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Fiscal Year	Issue	
	\$2,245,000	\$2,525,000
2034	1,100,000	0
2036	0	1,195,000
Total mandatory sinking fund payment	1,100,000	1,195,000
Amount due at stated maturity	1,145,000	1,330,000
Total	\$2,245,000	\$2,525,000
<i>State Maturity</i>	12/1/2034	12/1/2036

In fiscal year 2019, the School District entered into a financed purchase obligation for the purchase of technology upgrade hardware and software. The lease includes interest at a rate of 5.78 percent and will mature on January 1, 2023. The financed purchase was fully repaid during fiscal year 2023.

In fiscal year 2022, the School District entered into a financed purchase obligation for the purchase of a LED lighting upgrade. The lease includes interest at a rate of 2.90 percent and will mature on December 1, 2028.

The School District's overall debt margin was \$10,618,350 with an unvoted debt margin of \$242,996 at June 30, 2023. Principal and interest requirements to retire general obligation bonds and financed purchases are as follows:

	Direct Placements General Obligation Bonds				From Direct Borrowing	
	Term		Serial		Financed Purchases	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$0	\$199,213	\$595,000	\$322,400	\$203,500	\$33,193
2025	0	199,213	690,000	296,700	209,400	27,250
2026	0	199,213	725,000	268,400	215,500	21,132
2027	0	199,213	770,000	238,500	221,800	14,838
2028	0	199,213	860,000	205,900	228,300	8,359
2029-2033	0	996,060	5,015,000	492,950	116,600	1,691
2034-2037	4,770,000	455,818	0	0	0	0
Total	\$4,770,000	\$2,447,943	\$8,655,000	\$1,824,850	\$1,195,100	\$106,463

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Year	Principal	Interest
2024	\$16,906	\$46

Note 15 - Jointly Governed Organization

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid \$88,290 to NEOMIN during fiscal year 2023.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent (or NEOMIN). The School District was not represented on the Governing Board during fiscal year 2023. The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN’s financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Note 16 – Related Organization

McKinley Memorial Library The McKinley Memorial Library (the “Library”) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Niles City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary made solely by the Board of Trustees. Financial information can be obtained from the McKinley Memorial Library, Treasurer/Clerk, 40 North Main Street, Niles, Ohio, 44446.

Note 17 – Public Entity Risk Pools

Insurance Purchasing Pool

The School District participates in a group rating plan for workers’ compensation as established under Section 4123.29 of the Ohio Revised Code. The Workers’ Compensation Group Rating Program (GRP) has been established through Benefit Management, Inc. as a group purchasing pool. Each year, the participating entities pay an enrollment fee to the GRP to cover the costs of administering the program.

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Shared Risk Pool

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

Note 18 - Set-Aside Calculations

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2022	\$0
Current Year Set-Aside Requirement	445,067
Offsets	(165,904)
Qualifying Disbursements	(1,078,748)
Total	(\$799,585)
Set-Aside Balance as of June 30, 2023 and Carried Forward to Future Fiscal Years	\$0

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

Note 19 – Encumbrances

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

Governmental Funds	
General	\$182,566
Elementary and Secondary School Emergency Relief	327,578
Other Governmental Funds	359,102
<i>Total Governmental Funds</i>	\$869,246

Niles City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 20 – Tax Abatements

For fiscal year 2023, the School District’s property taxes were reduced by \$5,388 under enterprise zone agreements entered into by the City of Niles.

Note 21 – Change in Accounting Principle

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

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

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

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

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

Note 22 – COVID-19

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

Required Supplementary Information

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

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.07584470%	0.08214030%	0.08428200%	0.08875400%
School District's Proportionate Share of the Net Pension Liability	\$4,102,272	\$3,030,739	\$5,574,589	\$5,310,307
School District's Covered Payroll	\$2,862,721	\$2,726,871	\$2,968,407	\$3,163,578
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.30%	111.14%	187.80%	167.86%
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 School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.08992850%	0.09774970%	0.09965500%	0.09763260%	0.10071700%	0.10071700%
\$5,150,372	\$5,840,329	\$7,293,826	\$5,571,011	\$5,097,230	\$5,989,317
\$3,023,650	\$3,568,457	\$2,913,079	\$3,927,223	\$3,026,131	\$3,068,545
170.34%	163.67%	250.38%	141.86%	168.44%	195.18%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Niles City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.07747250%	0.08473400%	0.08797530%
School District's Proportionate Share of the Net OPEB Liability	\$1,087,721	\$1,603,660	\$1,911,991
School District's Covered Payroll	\$2,862,721	\$2,726,871	\$2,968,407
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.00%	58.81%	64.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.09099590%	0.09165130%	0.09922920%	0.10102280%
\$2,288,356	\$2,542,655	\$2,663,051	\$2,879,524
\$3,163,578	\$3,023,650	\$3,568,457	\$2,913,079
72.33%	84.09%	74.63%	98.85%
15.57%	13.57%	12.46%	11.49%

Niles City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.083418350%	0.088186110%	0.09150440%	0.09640658%
School District's Proportionate Share of the Net Pension Liability	\$18,544,005	\$11,275,387	\$22,140,809	\$21,319,736
School District's Covered Payroll	\$11,183,950	\$10,430,950	\$11,014,007	\$11,849,093
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	165.81%	108.10%	201.02%	179.93%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.09919378%	0.09852662%	0.10083797%	0.09676036%	0.09669263%	0.09669263%
\$21,810,485	\$23,405,210	\$33,753,508	\$26,741,733	\$23,518,994	\$28,015,672
\$11,277,421	\$11,136,657	\$10,006,350	\$10,582,471	\$10,298,908	\$10,441,984
193.40%	210.16%	337.32%	252.70%	228.36%	268.30%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

	2023	2022	2021
School District's Proportion of the Net OPEB Asset/Liability	0.083418350%	0.088186110%	0.09150440%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$2,159,979)	(\$1,859,332)	(\$1,608,187)
School District's Covered Payroll	\$11,183,950	\$10,430,950	\$11,014,007
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-19.31%	-17.83%	-14.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2020	2019	2018	2017
0.09640658%	0.09919378%	0.09852662%	0.10083797%
(\$1,596,724)	(\$1,593,943)	\$3,844,145	\$5,269,229
\$11,849,093	\$11,277,421	\$11,136,657	\$10,006,350
-13.48%	-14.13%	34.52%	52.66%
174.70%	176.00%	47.10%	37.30%

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$433,780	\$400,781	\$381,762	\$415,577
Contributions in Relation to the Contractually Required Contribution	<u>(433,780)</u>	<u>(400,781)</u>	<u>(381,762)</u>	<u>(415,577)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,098,429	\$2,862,721	\$2,726,871	\$2,968,407
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	59,506	50,188	54,604	58,958
Contributions in Relation to the Contractually Required Contribution	<u>(59,506)</u>	<u>(50,188)</u>	<u>(54,604)</u>	<u>(58,958)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.92%</u>	<u>1.75%</u>	<u>2.00%</u>	<u>1.99%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.92%</u>	<u>15.75%</u>	<u>16.00%</u>	<u>15.99%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$427,083	\$408,193	\$499,584	\$407,831	\$517,608	\$419,422
(427,083)	(408,193)	(499,584)	(407,831)	(517,608)	(419,422)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$3,163,578	\$3,023,650	\$3,568,457	\$2,913,079	\$3,927,223	\$3,026,131
<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.18%</u>	<u>13.86%</u>
71,549	66,492	54,248	51,261	79,657	78,258
(71,549)	(66,492)	(54,248)	(51,261)	(79,657)	(78,258)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.26%</u>	<u>2.20%</u>	<u>1.52%</u>	<u>1.76%</u>	<u>2.03%</u>	<u>2.59%</u>
<u>15.76%</u>	<u>15.70%</u>	<u>15.52%</u>	<u>15.76%</u>	<u>15.21%</u>	<u>16.45%</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Net Pension Liability				
Contractually Required Contribution	\$1,626,099	\$1,565,753	\$1,460,333	\$1,541,961
Contributions in Relation to the Contractually Required Contribution	<u>(1,626,099)</u>	<u>(1,565,753)</u>	<u>(1,460,333)</u>	<u>(1,541,961)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$11,614,993	\$11,183,950	\$10,430,950	\$11,014,007
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
\$1,658,873	\$1,578,839	\$1,559,132	\$1,400,889	\$1,481,546	\$1,338,858
<u>(1,658,873)</u>	<u>(1,578,839)</u>	<u>(1,559,132)</u>	<u>(1,400,889)</u>	<u>(1,481,546)</u>	<u>(1,338,858)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$11,849,093	\$11,277,421	\$11,136,657	\$10,006,350	\$10,582,471	\$10,298,908
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$0	\$102,989
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(102,989)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Niles City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

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

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

Changes in Assumptions - STRS

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

Niles City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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

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

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

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

Changes in Benefit Term – STRS

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Niles City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

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

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

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

Changes in Assumptions – STRS

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

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

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

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

Niles City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Changes in Benefit Terms – STRS

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

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

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

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

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

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

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**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 273,497
National School Lunch Program	10.555	742,216
COVID-19 National School Lunch Program	10.555	51,109
Non-Cash Assistance (Food Distribution)	10.555	53,250
Fresh Fruit and Vegetable Program	10.582	46,543
Total Child Nutrition Cluster		<u>1,166,615</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	<u>3,135</u>
Total U.S. Department of Agriculture		<u>1,169,750</u>
U.S. DEPARTMENT OF Education		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010	1,278,246
Special Education Cluster:		
Special Education Grants to States (IDEA, Part B)	84.027	638,730
COVID-19 American Rescue Plan Act - Special Education Grants to States (IDEA, Part B)	84.027	<u>29,946</u>
Total Special Education Cluster		668,676
Supporting Effective Instruction	84.367	82,160
Student Support and Academic Enrichment Program	84.424	113,094
Education Stabilization Fund (ESF):		
COVID-19-Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	602,407
COVID-19-American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	3,708,255
COVID-19-American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	<u>7,000</u>
Total ESF		<u>4,317,661</u>
Total U.S. Department of Education		<u>6,459,837</u>
Total Expenditures of Federal Awards		<u>\$7,629,587</u>

The accompanying notes are an integral part of this schedule.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first. The District's Child Nutrition Cluster carried over \$256,209 from fiscal year 2022. For 2023, receipts exceeded expenditures exceeded by \$40,033. As a result, \$296,242 will be carried forward to the District's fiscal year 2024 Schedule.

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	AL Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	\$188,292
Special Education Grants to States (IDEA, Part B)	84.027	\$54,119
Supporting Effective Instruction	84.367	\$91,730.79
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	\$1,992,952
American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	\$12,624



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

Niles City School District
Trumbull County
309 North Rhodes Avenue
Niles, Ohio 44446

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Niles City School District, Trumbull County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 20, 2024, wherein we noted a disclosure regarding the potential financial impact of COVID-19 and the ensuing emergency measures.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

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

Niles City School District
Trumbull County
309 North Rhodes Avenue
Niles, Ohio 44446

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Niles City School District's, Trumbull County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Niles City School District's major federal programs for the year ended June 30, 2023. Niles City 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, Niles City 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 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 20, 2024

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**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<p>Special Education Cluster: Special Education Grants to States (IDEA, Part B) – AL# 84.027, COVID-19 American Rescue Plan Act – Special Education Grants to States (IDEA, Part B) – AL# 84.027</p> <p>Elementary and Secondary School Emergency Relief Fund (ESSER II) – AL# 84.425D</p> <p>American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) – AL# 84.425U</p> <p>American Rescue Plan – Elementary and Secondary School Emergency Relief – Homeless Children and Youth – AL# 84.425W</p> <p>Title I Grants to Local Educational Agencies – AL# 84.010</p>
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



Niles City School District

Ann Marie A. Thigpen
Superintendent

Rhonda Amorganos
Treasurer

Administrative Offices
309 North Rhodes Ave.
Niles, Ohio 44446
(330) 989-5095
(330) 989-5096-Fax
www.nilescityschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	ESSER – Equipment and Real Property Management	No Longer Warranting Further Action	Federal Program was tested with no repeated citations on the current year's schedule of findings.
2022-002	ESSER – Federal Prevailing Wages	No Longer Warranting Further Action	Federal Program was tested with no repeated citations on the current year's schedule of findings.

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OHIO AUDITOR OF STATE KEITH FABER



NILES CITY SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/21/2024

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