

ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Ashland City School District
1407 Claremont Ave
Ashland, OH 44805

We have reviewed the *Independent Auditor's Report* of the Ashland City School District, Ashland County, prepared by Julian & Grube, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

January 23, 2023

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

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Independent Auditor's Report

Ashland City School District
Ashland County
1407 Claremont Avenue
Ashland, Ohio 44805

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland City School District, Ashland County, Ohio, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Ashland City School 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 cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland City School District, as of June 30, 2022, and the respective changes in cash basis financial position, thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matters

Ohio Administrative Code § 117-2-03(B) requires the Ashland City School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As discussed in Note 3 to the financial statements, for the fiscal year ending June 30, 2022, the Ashland City School District has elected to change its financial presentation to the cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. As described in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the Ashland City School District. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, 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 Ashland City School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ashland City School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the *management's discussion and analysis* but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2022 on our consideration of the Ashland City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ashland City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ashland City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
November 18, 2022

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- For fiscal year 2022 reporting the School District switched from GAAP basis of accounting to cash basis of accounting.
- In total, net position of governmental activities increased \$2,053,525 from fiscal year 2021.
- General receipts accounted for \$58,595,515 in revenue or 84.26 percent of all receipts. Program specific receipts in the form of charges for services, grants and contributions accounted for \$10,945,404 or 15.74 percent of total receipts of \$69,540,919.
- The School District had \$67,487,394 in disbursements related to governmental activities; only \$10,945,404 of these disbursements was offset by program specific charges for services, and grants and contributions. General receipts supporting governmental activities (primarily taxes, unrestricted grants and entitlements, and debt service) of \$58,595,515 were adequate to provide for these programs.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Ashland City School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column.

In the case of the Ashland City School District, the general, bond retirement, and permanent improvement funds are the most significant funds.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole look at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answer this question, within the limitation of the School District's cash basis of accounting.

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

In the Statement of Net Position and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement fund, and the permanent improvement fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis method of accounting. The governmental fund statements provide a detailed view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent to finance educational programs.

Proprietary Fund the School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits.

Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 18.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

Reporting the School District's Fiduciary Responsibilities

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. The School District's fiduciary activities are reported in separate statement of changes in fiduciary net position on page 20. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22 through 54 of this report.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2022 compared to 2021:

**Table 1
Net Position**

	Governmental Activities	
	2022	2021 *
ASSETS		
Current and other assets	\$ 17,599,888	\$ 15,546,363
Total Assets	<u>17,599,888</u>	<u>15,546,363</u>
NET POSITION		
Restricted	6,855,880	7,555,628
Unrestricted	10,744,008	7,990,735
Total Net Position	<u>\$ 17,599,888</u>	<u>\$ 15,546,363</u>

* Restated

Current assets increased by \$2,053,525 due to the increase in cash and cash equivalents.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2022	2021 *
RECEIPTS		
Program Revenues:		
Charges for services	\$ 870,192	\$ 1,541,402
Operating grants and contributions	9,725,795	6,946,526
Capital grants and contributions	349,417	572,158
Total Program Receipts	<u>10,945,404</u>	<u>9,060,086</u>
General Receipts:		
Property taxes	20,773,629	20,950,166
Payments in lieu of taxes	20,055	27,494
Grants and entitlements, not restricted to specific programs	12,546,875	13,250,587
Contributions and Donations, not restricted to specific programs	5,200	11,600
Gain on Sale of Capital assets	-	18,413
Investment income	88,268	122,637
Miscellaneous	110,206	272,952
Debt Service	25,051,282	-
Total General Receipts	<u>58,595,515</u>	<u>34,653,849</u>
Total Receipts	<u>69,540,919</u>	<u>43,713,935</u>
DISBURSEMENTS		
Program Disbursements:		
Instruction:		
Regular	16,271,865	14,849,850
Special	5,620,665	5,293,185
Vocational	445,398	425,759
Other	61,812	998,233
Supporting Services:		
Pupils	2,419,659	2,106,961
Instructional Staff	2,011,105	2,000,689
Board of Education	84,443	100,149
Administration	2,667,558	2,431,050
Fiscal Services	793,227	793,657
Business	616,416	539,845
Operation and Maintenance of Plant	2,927,944	2,142,334
Pupil Transportation	1,108,569	1,115,948
Central	550,171	473,997
Operation of Non-Instructional Services:		
Food Service Operations	1,302,504	1,097,305
Community Services	181,893	208,007
Enterprise Operations	-	1,979
Other Operations	83	215
Extracurricular Activities	1,296,811	1,059,166
Capital Outlay	2,669,092	4,586,652
Debt Service	26,458,179	1,701,156
Total Disbursements	<u>67,487,394</u>	<u>41,926,137</u>
Change in Net Position	2,053,525	1,787,798
Net Position - Beginning of Year	15,546,363	13,758,565
Net Position - End of Year	<u>\$ 17,599,888</u>	<u>\$ 15,546,363</u>

* Restated

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

Net position of the School District's governmental activities increased \$2,053,525. Total governmental disbursements of \$67,487,394 were offset by program receipts of \$10,945,404 and general receipts of \$58,595,515.

Program receipts supported 16.22 percent of the total governmental activities' disbursements.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State of Ohio. These revenue sources represent 84.26 percent of total governmental revenue.

Total receipts increased by \$25,826,984 or 59.08 percent in fiscal year 2022, mostly due to the increase in operating grants and contributions and debt service. Operating grants and contributions increased due to the increase in federal grant revenue and debt service increased due to the issuance of refunding debt.

Total disbursements increased by \$25,561,257 due to the increase in debt service due to the refunding of debt in fiscal year 2022 and decrease in capital outlay. The decrease in capital outlay was due to the decrease in construction project taken on in fiscal year 2022.

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

**Table 3
Governmental Activities**

	Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2022	2021	2022	2021
Instruction:				
Regular	\$ 16,271,865	\$ 14,849,850	\$ 14,489,326	\$ 13,491,229
Special	5,620,665	5,293,185	2,724,371	2,376,165
Vocational	445,398	425,759	415,023	338,034
Other	61,812	998,233	31,394	991,628
Supporting Services:				
Pupils	2,419,659	2,106,961	1,770,712	666,305
Instructional Staff	2,011,105	2,000,689	1,089,270	1,366,096
Board of Education	84,443	100,149	84,443	100,149
Administration	2,667,558	2,431,050	2,635,289	2,221,255
Fiscal Services	793,227	793,657	791,256	793,657
Business	616,416	539,845	616,416	539,845
Operation and Maintenance of Plant	2,927,944	2,142,334	2,499,120	2,016,676
Pupil Transportation	1,108,569	1,115,948	401,266	1,026,822
Central	550,171	473,997	430,334	402,507
Operation of Non-Instructional Services:				
Food Service Operations	1,302,504	1,097,305	(843,136)	27,796
Community Services	181,893	208,007	73,499	5,437
Enterprise Operations	-	1,979	-	1,979
Other Non-Instructional Services	83	215	83	215
Extracurricular Activities	1,296,811	1,059,166	206,053	212,448
Capital Outlay	2,669,092	4,586,652	2,669,092	4,586,652
Debt Service	26,458,179	1,701,156	26,458,179	1,701,156
Total Cost of Services	\$ 67,487,394	\$ 41,926,137	\$ 56,541,990	\$ 32,866,051

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

Governmental Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the cash basis of accounting.

The general fund's net change in fund balance for fiscal year 2022 was an increase of \$4,318,551. The increase was due to decreases in overall expenditures and transfers out.

The bond retirement fund's net change in fund balance for fiscal year 2022 was a slight increase of \$129,520. The increase was due to the bond refunding.

The permanent improvement fund's net change in fund balance for fiscal year 2022 was an increase of \$386,468. The increase is mainly due to an increase in property tax revenue and contributions and donations.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual revenue was \$247,580 higher than the final budget basis amounts of \$34,431,969. This was primarily caused by a property tax and intergovernmental revenue.

For the general fund, actual expenditures were \$3,935,742 less than the final appropriations of \$36,092,614. This was primarily caused by not transferring \$1,000,000 out of the general fund that was originally forecasted.

Capital assets

The School District does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
(Unaudited)*

Debt

At June 30, 2022, the School District had \$23,433,656 in debt outstanding. See Note 11 for additional details. Table 4 summarizes debt outstanding.

**Table 4
Outstanding Debt at Year End**

	Governmental Activities	
	2022	2021
Energy Conservation Refunding Bond	\$ 600,000	\$ 895,000
School Improvement Bond- Serial & Term	-	24,575,000
School Improvement Refunding Bond	22,830,000	-
Bond Premium	3,656	695,038
Bond Discounts	-	(457,378)
<i>Total</i>	<u>\$ 23,433,656</u>	<u>\$ 25,707,660</u>

Current Issues

The School District continued to improve the buildings during fiscal year 2022 that serve the students. At Ashland High School, locker room renovations were completed and construction started on replacing windows, doors, and lockers throughout the building. Edison Elementary underwent an asbestos abatement and renovation project during the summer of 2021 and Taft Elementary is having the same project done during the summer of 2020. Ashland Community Stadium also has multiple construction projects happening during the summer and fall of 2022, including track resurfacing, new scoreboard, and a new stadium entry building.

In response to the COVID 19 pandemic, the federal government released new sources of funding to keep school districts operating. Ashland City School District is receiving funding through the Coronavirus Relief Fund and the Elementary and Secondary School Emergency Relief Fund (ESSER). The School District has been allocated more than \$9,200,000 in federal funds which the District started spending those funds in fiscal year 2020 and will continue through fiscal year 2024.

During 2022, the School District saw tough economical and operational challenges due to supply chain issues, staffing levels, and inflation. Sharp increases in medical claims in the School District's self-insured plan, which will be monitored closely. Through those challenges, the School District was able to control expenses and have a successful school year.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kyle Klingler, Treasurer of Ashland City School District, 1407 Claremont Avenue, Ashland, Ohio 44805.

Basic Financial Statements

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF NET POSITION – CASH BASIS
JUNE 30, 2022*

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 17,583,698
Restricted Assets:	
Investments in Segregated Accounts	16,190
Total Assets	17,599,888
 NET POSITION	
Restricted:	
Debt Service	1,746,766
Capital Projects	3,218,235
Classroom Facilities Maintenance	578,622
Extracurricular Activities	175,723
Auxiliary Services	1,437
Endowment	130,562
Student Wellness	70,964
Food Service	878,623
Other Purpose	54,948
Unrestricted	10,744,008
Total Net Position	\$ 17,599,888

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 16,271,865	\$ 196,020	\$ 1,586,519	\$ -	\$ (14,489,326)
Special	5,620,665	222,460	2,673,834	-	(2,724,371)
Vocational	445,398	-	30,375	-	(415,023)
Other	61,812	-	30,418	-	(31,394)
Supporting Services:					
Pupils	2,419,659	-	648,947	-	(1,770,712)
Instructional Staff	2,011,105	-	921,835	-	(1,089,270)
Board of Education	84,443	-	-	-	(84,443)
Administration	2,667,558	-	32,269	-	(2,635,289)
Fiscal Services	793,227	-	1,971	-	(791,256)
Business	616,416	-	-	-	(616,416)
Operation and Maintenance of Plant	2,927,944	35,492	393,332	-	(2,499,120)
Pupil Transportation	1,108,569	9,705	697,598	-	(401,266)
Central	550,171	-	119,837	-	(430,334)
Operation of Non-Instructional Services:					
Food Service Operations	1,302,504	47,970	2,097,670	-	843,136
Community Services	181,893	-	108,394	-	(73,499)
Other Non-Instructional Services	83	-	-	-	(83)
Extracurricular Activities	1,296,811	358,545	382,796	349,417	(206,053)
Capital Outlay	2,669,092	-	-	-	(2,669,092)
Debt Service:					
Principal Retirement	745,000	-	-	-	(745,000)
Interest and Fiscal Charges	669,546	-	-	-	(669,546)
Bond Issuance Costs	307,613	-	-	-	(307,613)
Payment to Bond Escrow Agent	24,736,020	-	-	-	(24,736,020)
Total Governmental activities	<u>\$ 67,487,394</u>	<u>\$ 870,192</u>	<u>\$ 9,725,795</u>	<u>\$ 349,417</u>	<u>(56,541,990)</u>
General Receipts:					
Property Taxes levied for:					
General Purposes					18,804,498
Debt Service					1,109,723
Capital Outlay					760,253
Classroom Facilities and Maintenance					99,155
Payments in Lieu of Taxes					20,055
Grants & Entitlements not restricted to specific programs					12,546,875
Contributions and Donations not restricted to specific programs					5,200
Investment Income					88,268
Miscellaneous					110,206
Debt Proceeds					25,051,282
Total General Receipts					<u>58,595,515</u>
Change in Net Position					2,053,525
Net Position - Beginning of Year, Restated					<u>15,546,363</u>
Net Position - End of Year					<u>\$ 17,599,888</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2022*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 10,601,283	\$ 1,746,766	\$ 3,027,949	\$ 1,272,837	\$ 16,648,835
Restricted Assets:					
Investments in Segregated Accounts	-	-	-	16,190	16,190
Total Assets	\$ 10,601,283	\$ 1,746,766	\$ 3,027,949	\$ 1,289,027	\$ 16,665,025
FUND BALANCES					
Nonspendable	\$ 14,619	\$ -	\$ -	\$ 16,190	\$ 30,809
Restricted	-	1,746,766	3,027,949	2,081,165	6,855,880
Assigned	1,787,581	-	-	-	1,787,581
Unassigned (Deficits)	8,799,083	-	-	(808,328)	7,990,755
Total Fund Balances	\$ 10,601,283	\$ 1,746,766	\$ 3,027,949	\$ 1,289,027	\$ 16,665,025

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022*

Total Governmental Fund Balances \$ 16,665,025

*Amounts reported for Governmental Activities in the Statement of Net Position
are different because:*

Internal Service funds are used by management to charge the costs
of certain activities, such as insurance to individual funds. The cash and cash
equivalents of the District's Internal Service funds are included in
Governmental Activities on the Statement of Net Position.

934,863

Net Position of Governmental Activities

\$ 17,599,888

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES – CASH BASIS
OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
RECEIPTS					
Property Taxes	\$ 18,804,498	\$ 1,109,723	\$ 760,253	\$ 99,155	\$ 20,773,629
Intergovernmental	15,208,772	127,640	82,689	6,774,325	22,193,426
Interest	55,149	-	16,349	15,310	86,808
Tuition	383,543	-	-	-	383,543
Extracurricular Activities	136,429	-	417	221,699	358,545
Rentals	35,492	-	-	-	35,492
Charges for Services	8,563	-	-	47,970	56,533
Contributions and Donations	5,200	-	349,417	79,244	433,861
Transportation Fees	9,760	-	-	-	9,760
Classroom Materials and Fees	26,319	-	-	-	26,319
Payments in Lieu of Taxes	20,055	-	-	-	20,055
Miscellaneous	81,809	-	-	28,397	110,206
Total Receipts	<u>34,775,589</u>	<u>1,237,363</u>	<u>1,209,125</u>	<u>7,266,100</u>	<u>44,488,177</u>
DISBURSEMENTS					
Current:					
Instruction:					
Regular	13,696,132	-	-	1,703,253	15,399,385
Special	4,097,244	-	-	1,258,021	5,355,265
Vocational	414,373	-	-	-	414,373
Other	28,982	-	-	32,830	61,812
Supporting Services:					
Pupils	1,748,929	-	-	640,833	2,389,762
Instructional Staff	991,665	-	-	965,721	1,957,386
Board of Education	84,443	-	-	-	84,443
Administration	2,393,336	-	12,690	189,953	2,595,979
Fiscal Services	758,343	19,502	9,108	6,274	793,227
Business	607,660	-	-	1,000	608,660
Operation and Maintenance of Plant	2,180,679	-	229,163	518,102	2,927,944
Pupil Transportation	1,101,360	-	-	7,209	1,108,569
Central	416,405	-	-	133,766	550,171
Operation of Non-Instructional Services:					
Food Service Operations	382	-	-	1,302,122	1,302,504
Community Services	14,077	-	-	167,199	181,276
Other Non-Instructional Services	83	-	-	-	83
Extracurricular Activities	897,690	-	43,990	347,375	1,289,055
Capital Outlay	403,370	-	527,706	1,738,016	2,669,092
Debt Service:					
Principal Retirement	295,000	450,000	-	-	745,000
Interest and Fiscal Charges	23,556	645,990	-	-	669,546
Bond Issuance Costs	-	307,613	-	-	307,613
Total Disbursements	<u>30,153,709</u>	<u>1,423,105</u>	<u>822,657</u>	<u>9,011,674</u>	<u>41,411,145</u>
Excess of Receipts Over (Under) Disbursements	<u>4,621,880</u>	<u>(185,742)</u>	<u>386,468</u>	<u>(1,745,574)</u>	<u>3,077,032</u>
OTHER FINANCING SOURCES (USES)					
Refunding Debt Issued	-	23,280,000	-	-	23,280,000
Premium on Debt Issuance	-	1,771,282	-	-	1,771,282
Payment to Refunded Bond Escrow Agent	-	(24,736,020)	-	-	(24,736,020)
Transfers Out	(303,329)	-	-	-	(303,329)
Total Other Financing Sources (Uses)	<u>(303,329)</u>	<u>315,262</u>	<u>-</u>	<u>-</u>	<u>11,933</u>
Net Change in Fund Balances	4,318,551	129,520	386,468	(1,745,574)	3,088,965
Fund Balances - Beginning of Year, Restated	6,282,732	1,617,246	2,641,481	3,034,601	13,576,060
Fund Balances - End of Year	<u>\$ 10,601,283</u>	<u>\$ 1,746,766</u>	<u>\$ 3,027,949</u>	<u>\$ 1,289,027</u>	<u>\$ 16,665,025</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*RECONCILIATION OF STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS – CASH BASIS TO THE STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Net Change in Fund Balances-Total Governmental Funds \$ 3,088,965

*Amounts reported for Governmental Activities in the Statement of Activities
are different because:*

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net receipts (disbursements) of the Internal Service fund are reported with in the Governmental Activities. (1,035,440)

Change in Net Position of Governmental Activities \$ 2,053,525

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 18,670,094	\$ 18,670,094	\$ 18,804,498	\$ 134,404
Intergovernmental	15,100,068	15,100,068	15,208,772	108,704
Interest	54,755	54,755	55,149	394
Tuition	380,802	380,802	383,543	2,741
Extracurricular Activities	70,820	70,820	71,330	510
Rentals	35,238	35,238	35,492	254
Charges for Services	8,502	8,502	8,563	61
Contributions and Donations	268	268	270	2
Transportation Fees	9,636	9,636	9,705	69
Payments in Lieu of Taxes	19,912	19,912	20,055	143
Miscellaneous	41,384	41,384	41,682	298
Total Receipts	34,391,479	34,391,479	34,639,059	247,580
Disbursements				
Current:				
Instruction				
Regular	14,612,766	14,612,766	13,693,198	919,568
Special	4,440,104	4,440,104	4,339,450	100,654
Vocational	452,330	452,330	409,405	42,925
Other	882,269	882,269	28,982	853,287
Supporting Services				
Pupils	2,522,377	2,522,377	1,914,176	608,201
Instructional Staff	1,569,508	1,569,508	1,131,131	438,377
Board of Education	206,328	206,328	151,089	55,239
Administration	2,239,307	2,239,307	2,402,778	(163,471)
Fiscal Services	855,012	855,012	761,718	93,294
Business	589,415	589,415	614,726	(25,311)
Operation and Maintenance of Plant	2,776,811	2,776,811	2,330,775	446,036
Pupil Transportation	1,312,838	1,312,838	1,623,720	(310,882)
Central	499,273	499,273	420,737	78,536
Operation of Non-Instructional Services				
Community Services	2,979	2,979	14,057	(11,078)
Food Services Operations	52,463	52,463	382	52,081
Enterprise Operations	867	867	-	867
Extracurricular Activities	879,469	879,469	922,822	(43,353)
Capital Outlay	1,903,498	1,903,498	799,401	1,104,097
Debt Service:				
Principal	295,000	295,000	295,000	-
Total Disbursements	36,092,614	36,092,614	31,853,547	4,239,067
Excess of Receipts Over (Under) Disbursements	(1,701,135)	(1,701,135)	2,785,512	4,486,647
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	25,044	25,044	25,044	-
Transfers In	15,446	15,446	15,446	-
Transfers Out	-	-	(303,329)	(303,329)
Total Other Financials Sources (Uses)	40,490	40,490	(262,839)	(303,329)
Net Change in Fund Balance	(1,660,645)	(1,660,645)	2,522,673	4,183,318
Fund Balance - Beginning of Year	4,893,716	4,893,716	4,893,716	-
Prior Year Encumbrances Appropriated	1,175,675	1,175,675	1,175,675	-
Fund Balance - End of Year	\$ 4,408,746	\$ 4,408,746	\$ 8,592,064	\$ 4,183,318

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUND
JUNE 30, 2022*

	<u>Governmental Activities - Internal Service Fund</u>
ASSETS	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 934,863
Total Assets	<u>934,863</u>
NET POSITION	
Unrestricted	934,863
Total Net Position	<u>\$ 934,863</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET POSITION – CASH BASIS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

	Governmental Activities - Internal Service Fund
OPERATING RECEIPTS	
Charges for Services	\$ 4,221,145
Miscellaneous	86,395
Total Operating Receipts	<u>4,307,540</u>
OPERATING DISBURSEMENTS	
Purchased Services	324,430
Claims	5,321,922
Other	1,417
Total Operating Disbursements	<u>5,647,769</u>
Operating (Loss)	<u>(1,340,229)</u>
NONOPERATING RECEIPTS	
Interest	1,460
Total Nonoperating Receipts	<u>1,460</u>
Transfers In	303,329
Change in Net Position	(1,035,440)
Net Position - Beginning of Year, Restated	1,970,303
Net Position - End of Year	<u><u>\$ 934,863</u></u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF FIDUCIARY NET POSITION – CASH BASIS
CUSTODIAL FUNDS
JUNE 30, 2022*

	<u>Custodial Fund</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 5,098
Total Assets	<u>5,098</u>
NET POSITION	
Restricted For:	
Individuals, Organizations, and Other Governments	5,098
Total Net Position	<u>\$ 5,098</u>

See accompany notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – CASH BASIS
CUSTODIAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

	Custodial Fund
ADDITIONS	
Collections for Other Organizations	\$ 17,461
Total Additions	<u>17,461</u>
DEDUCTIONS	
Distributions to Other Organizations	<u>23,173</u>
Total Deductions	<u>23,173</u>
Net (Decrease) in Fiduciary Net Position	(5,712)
Net Position - Beginning of Year, Restated	10,810
Net Position - End of Year	<u>\$ 5,098</u>

See accompany notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Note 1 - Description of the School District and Reporting Entity

The Ashland City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District’s six instructional/support facilities.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; (4) or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Midland County of Governments dba/Tri-County Computer Service Association (TCCSA), which is defined as a jointly governed organization. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 12.

The Ashland Public Library (the “Library”) is a related organization to the School District. The school board cannot influence the Library’s operation, nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the School District during fiscal year 2022.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 4, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position – cash basis and the statement of activities – cash basis 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 also eliminated to avoid "doubling up" receipts and disbursements.

The statement of net position – cash basis presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities – cash basis presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the School District with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the School District.

Fund Financial Statements During the fiscal 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.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the School District's major funds:

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

Bond Retirement Fund The bond retirement fund accounts for accumulation or resources for, and the payment of, long-term debt principal, interest, and related costs.

Permanent Improvement Fund The permanent improvement fund accounts for resources received from property taxes and donations to be used for the acquisition, construction, or improvement of capital facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical, dental, vision, and prescription benefits.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have 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 athletic tournaments.

Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows/outflows are not recorded in these financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

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. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Cash and Investments

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 School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2022, School District's investments were limited to STAR Ohio, negotiable certificates of deposit, commercial paper, U.S. Government Agency Notes, U.S. Treasury Notes, and a U.S. Government Money Market Mutual fund.

In previous fiscal years, the School District received donated stocks, which are reported as "Investments in Segregated Accounts." The stocks are carried at cost basis and are not to be sold. The dividends are used for expenditures.

During fiscal year 2022, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio and U.S. Governmental Money Market Mutual Fund at the net asset value (NAV). The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings credited to the general fund during fiscal year 2022 amounted to \$55,149.

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 “equity in pooled cash and cash equivalents.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Balances

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District’s cash basis of accounting.

Pensions/Other Postemployment Benefits (OPEB)

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into an applicable lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception.

Leases

The School District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. 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. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

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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. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance.

The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

Interfund Activity

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

Note 3 – Change in Accounting Principles and Restatement of Fund Balance/Net Position

Changes in Accounting Principles

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of *GASB Implementation Guide 2020-1* did not have an effect on the financial statements of the School District.

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GASB Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation did not have an effect on the financial statements of the School District.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to establish the term *annual comprehensive financial report* and its acronym *ACFR*. These changes were incorporated in the School District's financial statements; however, there was no effect on the beginning net position/fund balance.

GASB Statement No. 87, *Leases* and GASB Implementation Guide 2019-3, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Since the School District does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School District.

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Restatement of Net Fund Balance/Net Position

For fiscal year 2022 reporting the School District switched from GAAP basis of accounting to cash basis of accounting and it had the following effect:

	Governmental Activities	Governmental Activities - Internal Service Fund			
Net Position June 30, 2021	\$ 25,361,996	\$ 1,493,838			
Adjustments:					
Assets	(95,890,612)	-			
Deferred Outflows of Resources	(7,467,163)	-			
Liabilities	72,351,776	476,465			
Deferred Inflows of Resources	21,190,366	-			
Restated Net Position June 30, 2021	<u>\$ 15,546,363</u>	<u>\$ 1,970,303</u>			
			Bond	Permanent	
	General	Retirement	Improvement	Nonmajor	Total
Fund Balance June 30, 2021	\$ 10,489,136	\$ 1,977,527	\$ 746,914	\$ 2,636,552	\$ 15,850,129
Adjustments:					
Assets	(22,562,745)	(1,384,916)	(742,450)	(1,248,533)	(25,938,644)
Liabilities	3,168,999	-	2,090,177	1,443,908	6,703,084
Deferred Inflows of Resources	15,187,342	1,024,635	546,840	202,674	16,961,491
Restated Fund Balance June 30, 2021	<u>\$ 6,282,732</u>	<u>\$ 1,617,246</u>	<u>\$ 2,641,481</u>	<u>\$ 3,034,601</u>	<u>\$ 13,576,060</u>
	Custodial				
Net Position June 30, 2021	\$ -				
Liabilities	10,810				
Restated Net Position June 30, 2021	<u>\$ 10,810</u>				

Note 4 – Accountability and Compliance

Accountability

Fund balances at June 30, 2022 included the following individual fund deficits:

<i>Non-major Special Revenue Funds</i>	
IDEA, Education of Handicapped Children	\$ 189,900
Title I	435
Title I, Disadvantage Children	149,949
Drug Free Schools	12,921
Improving Teacher Quality	2,640
Miscellaneous Federal Grants	10,231
ESSER	442,252
	<u>\$ 808,328</u>

The General Fund is liable for any deficits in these funds. These deficit cash fund balances occurred in grant funds for which funding is provided on reimbursement basis.

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Compliance

Ohio Administrative Code Section 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, deferred outflows/inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Note 5 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a part of restricted, committed, or assigned fund balance (cash basis) and funds were budgeted as special revenue funds, but reported as a part of the General Fund on cash basis statements in accordance with GASB Statement No. 54, this includes faculty lounge, uniform school supplies, rotary, public school support and unclaimed monies funds.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement on a fund type basis for the general fund:

<u>Fund Cash Balance</u>	
Cash Basis	\$ 4,318,551
Funds with Separate Legally Adopted Budgets	(8,296)
Adjustment for Encumbrances	<u>(1,787,582)</u>
Budget Basis	<u>\$ 2,522,673</u>

Note 6 - Deposits and Investments

State statute classifies monies held by the School District into three categories.

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR 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;
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed forty percent of the interim monies available for investment at any one time, if training requirements have been met;
8. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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.

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Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

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

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

At fiscal year-end, the carrying amount of the School District's deposits was \$497,480 which includes \$74 of cash on hand. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2022, \$250,000 of the District's bank balance of \$765,963 was covered by Federal Depository Insurance and, \$290,213 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent (through OPCS), but not in the District's name, and \$225,750 was uninsured and uncollateralized. The District's financial institution was approved for a reduced collateral rate of fifty percent through OPCS, resulting in the uninsured and uncollateralized balance.

Investments

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

Investment Type	Measurement Value	S&P Global Ratings	Level Input	Investment Maturities (in Years)	
				<1	1-3
STAR Ohio	\$ 9,100,689	AAAm	N/A	\$ 9,100,689	\$ -
U.S. Treasury Notes	316,194	AA+	2	-	316,194
U.S. Government Agency Notes	1,949,513	AA+/AAA	2	300,000	1,649,513
Negotiable Certificates of Deposit	2,966,800	N/A	2	1,240,836	1,725,964
Commercial Paper	2,721,991	A-1/A-1+	2	2,721,991	-
U.S. Government Money Market Fund	36,129	AAAm	N/A	36,129	-
Total Investments	\$ 17,091,316			\$ 13,399,645	\$ 3,691,671

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All investments are in an internal investment pool. STAR Ohio and the U.S. Government Money Market Mutual Funds are measured at NAV per share while all other investments are measured at fair value. 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 School District's 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). The table above identifies the School District's recurring fair value measurement as of June 30, 2022. As previously discussed, STAR Ohio and the U.S. Money Market Mutual Fund are reported at its NAV per share.

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

Credit Risk The School District's investments at June 30, 2022 are rated as shown above by S&P Global Ratings. STAR Ohio and the U.S. Government Money Market Fund carry a rating of AAAm, the U.S. Government Agency Notes carry a rating of AA+/AAA, and the U.S. Treasury Notes carry a rating of AA+, and Commercial Paper carries rating of A-1/A-1+ by Standard & Poor's. 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 would further limit its investment choices.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The School District's investment in negotiable certificates of deposit was fully insured by Federal Depository Insurance.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage to total of each investment type held by non-endowment funds of the School District at June 30, 2022:

Investment Type	Measurement Value	Percent of Total
STAR Ohio	\$ 9,100,689	53.25%
U.S. Treasury Notes	316,194	1.85%
U.S. Government Agency Notes	1,949,513	11.41%
Negotiable Certificates of Deposit	2,966,800	17.36%
Commercial Paper	2,721,991	15.93%
U.S. Government Money Market Fund	36,129	0.21%
Total Investments	\$ 17,091,316	100.01%

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Investments – Segregated Accounts

As of June 30, 2022, the School District had stocks at cost in the amount of \$16,190 as restricted investments. These investments were donated in a prior year and the principal amount is nonspendable.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District.

Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Ashland and Richland Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 530,255,220	84.83%	\$ 535,142,250	84.67%
Public Utility Personal	94,809,520	15.17%	96,894,420	15.33%
Total Assessed Values	<u>\$ 625,064,740</u>	<u>100.00%</u>	<u>\$ 632,036,670</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 65.00</u>		<u>\$ 64.65</u>	

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Note 8 - 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced in the current year.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District offers medical, prescription, vision and dental insurance to all employees through a self-insurance internal service fund. The network provider is Anthem. Milestone Benefits, serves as the third party administrator. A comparison of self-insurance cash and investments to the actuarially measured liability as of June 30, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash and Investments	\$634,863	\$1,970,303
Actuarial Liability	\$5,321,922	\$4,053,640

Note 9 - Defined Benefit Pension Plans

Net Pension Liability

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate 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 are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature.

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Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit Age 65 with 5 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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 0.5% COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers.

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The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was the entire 14 percent.

The School District's contractually required contribution to SERS was \$499,557 for fiscal year 2022.

Plan Description - State Teachers Retirement System (STRS)

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

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service.

Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for 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 or service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 13.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

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bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options in the GASB 68 schedules of employer allocation and pension amounts by employer.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. 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. For the fiscal year ended June 30, 2022, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS were \$2,204,291 for fiscal year 2022.

Net Pension Liability

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0986813%	0.12377713%	
Proportion of the Net Pension Liability Current Measurement Date	0.0959728%	0.12759945%	
Change in Proportionate Share	-0.0027085%	0.00382232%	
Proportionate Share of the Net Pension Liability	\$3,541,118	\$16,314,737	\$ 19,855,855

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, 2021, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's 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

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

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

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability 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 earning 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 table on the next page 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	\$5,891,551	\$3,541,118	\$1,558,895

Changes since measurement date Effective July 1, 2022 SERS made the following changes: Retiree Health Care – changes to monthly premium deductions associated with retiree health insurance and income related Medicare Parts B & D reimbursements. Cost-of-living adjustments – Changes to the cost-of-living adjustments made to retirees’ pensions. Normal Retirement Age – changes to the “Normal Retirement Age” for members of Tiers II and IIA.

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2021, actuarial valuation:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

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

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Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.05 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 30,551,396	\$ 16,314,737	\$ 4,284,790

Changes since measurement date In March 2022, the board eliminated the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The final change to the phased-in age and service requirements will be made Aug. 1, 2023, when 35 years of service will be required for an unreduced retirement.

Note 10 – Defined Benefit OPEB Plans

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability and net OPEB asset represents the School District’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability and net OPEB asset calculations are 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 OPEB are financed; however, the School District does receive the benefit of employees’ services in exchange for compensation including OPEB.

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GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description - 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. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage.

Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

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The surcharge is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$64,476 for fiscal year 2022. The full amount is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

Net OPEB Liability and net OPEB asset

The net OPEB liability and net OPEB asset were measured as of June 30, 2021, and the total OPEB liability and net OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District’s proportion of the net OPEB liability and net OPEB asset were based on the School District’s share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.1026229%	0.1237771%	
Proportion of the Net OPEB Liability/(Asset)			
Current Measurement Date	<u>0.0989952%</u>	<u>0.1275995%</u>	
Change in Proportionate Share	<u>-0.0036277%</u>	<u>0.0038223%</u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$ 1,873,567	\$ (2,690,330)	\$ (816,763)

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.

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations).

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.27 percent
Prior Measurement Date	2.63 percent
Medical Trend Assumption	
Measurement Date	
Medicare	5.125 to 4.400 percent
Pre-Medicare	6.750 to 4.400 percent
Prior Measurement Date	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee 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 future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination for the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

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

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 2,321,574	\$ 1,873,567	\$ 1,515,664

	1% Decrease (5.75 % decreasing to 3.40 %)	Current Trend Rate (6.75 % decreasing to 4.40 %)	1% Increase (7.75 % decreasing to 5.40 %)
School District's proportionate share of the net OPEB liability	\$ 1,442,492	\$ 1,873,567	\$ 2,449,347

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation is presented on the next page:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Discount Rate of Return	7.45 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

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

The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	<u>100.00 %</u>	

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption.

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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	\$ 2,270,223	\$ 2,690,330	\$ 3,041,267

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 3,027,047	\$ 2,690,330	\$ 2,273,949

Benefit Term Changes Since the Prior Measurement Date In February 2022, the Board approved changes to the demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

Note 11 - Long-Term Obligations

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

	Restated Balance as of 6/30/2021	Issuances	Retirements	Balance as of 6/30/2022	Amounts Due In One Year
<i>General Obligation Bonds</i>					
Classroom Facilities and School Improvement Bonds Serial and Term Bonds	\$ 8,070,000	\$ -	\$ (8,070,000)	\$ -	\$ -
Classroom Facilities and School Improvement Bonds Serial and Term Bonds	16,505,000	-	(16,505,000)	-	-
2021 Classroom Facilities and School Improvement Refunding Bonds Serial and Term Bonds	-	23,280,000	(450,000)	22,830,000	480,000
2013 Energy Conservation Improvement Refunding Bonds Serial and Term Bonds	895,000	-	(295,000)	600,000	300,000
<i>Total Governmental Activities</i>	\$ 25,470,000	\$ 23,280,000	\$ (25,320,000)	\$ 23,430,000	\$ 780,000

See Note 3 for more information on the Restated Balance as of 06/30/2021.

2021 Classroom Facilities and School Improvement Refunding Bonds

On November 1, 2021, the School District issued \$23,280,000 of Classroom Facilities and School Improvement Refunding bonds. The bonds refunded the previous Classroom Facilities and School Improvement Bonds. The bonds included serial and term bonds in the amount of \$10,295,000 and \$12,985,000, respectively. The bonds were issued for a twenty-eight-year period with final maturity on November 1, 2049. The serial bonds were issued with varying interest rates of 3.00 to 5.00 percent. The term bonds were issued with varying interest rates of 2.00 to 3.00 percent. The bonds will be repaid from the Bond Retirement Fund.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

2013 Energy Conservation Improvement Refunding Bonds

On June 26, 2013, the School District issued \$3,045,000 of general obligation serial bonds. The bonds refunded \$2,972,973 of outstanding Energy Conservation Bonds. The bonds were issued for a ten-year period with final maturity at November 1, 2023. At the date of refunding, \$3,081,587 (including premium and after underwriting discount, and other issuance costs) was received to pay off old debt. As a result, \$2,972,973 of the Energy Conservation Bonds is considered to be defeased and the liability for those bonds has been removed from the financial statements. The School District refunded the Energy Conservation Bonds to save \$106,531 in total debt service payments over the next ten years. The repayment is made from the general fund.

Compensated absences are typically paid from the fund from which the employee is paid. In prior years this has primarily been the general fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made primarily from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 9 and 10.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	2021 Classroom Facilities Refunding Bonds		2013 Energy Conservation Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 480,000	\$ 684,668	\$ 300,000	\$ 15,000	\$ 780,000	\$ 699,668
2024	505,000	660,043	300,000	5,250	805,000	665,293
2025	530,000	634,168	-	-	530,000	634,168
2026	555,000	607,043	-	-	555,000	607,043
2027	580,000	581,568	-	-	580,000	581,568
2028-2032	3,280,000	2,532,240	-	-	3,280,000	2,532,240
2033-2037	3,915,000	1,906,965	-	-	3,915,000	1,906,965
2038-2042	4,500,000	1,344,815	-	-	4,500,000	1,344,815
2043-2047	5,120,000	702,443	-	-	5,120,000	702,443
2048-2050	3,365,000	121,065	-	-	3,365,000	121,065
	<u>\$ 22,830,000</u>	<u>\$ 9,775,018</u>	<u>\$ 600,000</u>	<u>\$ 20,250</u>	<u>\$ 23,430,000</u>	<u>\$ 9,795,268</u>

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Note 12 - Jointly Governed Organization

The Midland Council of Governments dba/Tri-County Computer Service Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. 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 for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public-school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at the Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691.

Note 13 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Unclaimed Monies	\$ 14,619	\$ -	\$ -	\$ -	\$ 14,619
Investments	-	-	-	16,190	16,190
Total Nonspendable	14,619	-	-	16,190	30,809
<i>Restricted for</i>					
Debt Service	-	1,746,766	-	-	1,746,766
Capital Projects	-	-	3,027,949	190,286	3,218,235
Classroom Facilities Maintenance	-	-	-	578,622	578,622
Extracurricular Activities	-	-	-	175,723	175,723
Auxiliary Services	-	-	-	1,437	1,437
Endowment	-	-	-	130,562	130,562
Other Purposes	-	-	-	54,948	54,948
Student Wellness	-	-	-	70,964	70,964
Food Service	-	-	-	878,623	878,623
Total Restricted	-	1,746,766	3,027,949	2,081,165	6,855,880
<i>Assigned to</i>					
Instruction	295,078	-	-	-	295,078
Support Services	1,092,528	-	-	-	1,092,528
Extracurricular Activities	27,498	-	-	-	27,498
Facilities Acquisition & Construction Services	372,477	-	-	-	372,477
Total Assigned	1,787,581	-	-	-	1,787,581
<i>Unassigned (Deficit)</i>	8,799,083	-	-	(808,328)	7,990,755
Total Fund Balances	\$ 10,601,283	\$ 1,746,766	\$ 3,027,949	\$ 1,289,027	\$ 16,665,025

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Note 14 - Set-Asides

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2021	\$ -
Current Year Set-Aside Requirements	559,806
Qualifying Offsets	(942,102)
Total	\$ (382,296)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$ -
Set-Aside Balance as of June 30, 2022	\$ -

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

Note 15 – Contingencies and Commitments

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

Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022*

Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$1,787,581 in the general fund, \$528,030 in the permanent improvement fund, and \$1,871,542 in the non-major governmental funds.

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

Note 16 – Interfund Activity

Interfund Activity

The General Fund transferred \$303,329 to the Internal Service Fund to increase the fund balance that experienced significant increases in expenses during fiscal year 2022.

Note 17 – Tax Abatements

The City of Ashland and the Ashland City School District entered into Community Redevelopment Area (CRA) and Economic Zone agreements with various businesses for the abatement of property taxes to bring jobs and economic development into the City. Under the agreement, the companies' property taxes assessed to the District have been abated. During fiscal year 2022, the School District's property taxes were reduced by approximately \$464,320.

Note 18 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, receipts, and additional recovery from funding, either federal or state, cannot be estimated.

SUPPLEMENTARY INFORMATION

ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2022	370,612
COVID-19 - National School Lunch Program	10.555	COVID-19, 2022	55,104
National School Lunch Program	10.555	2022	817,328
National School Lunch Program - Food Donation	10.555	2022	84,009
Total National School Lunch Program			<u>956,441</u>
Total Child Nutrition Cluster			<u>1,327,053</u>
COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	COVID-19, 2022	3,063
Total U.S. Department of Agriculture			<u>1,330,116</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	124,475
Title I Grants to Local Educational Agencies - Supplemental School Improvement	84.010A	84.010A, 2021	17,640
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2022	804,920
Title I Grants to Local Educational Agencies - Supplemental School Improvement	84.010A	84.010A, 2022	17,234
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2022	29,204
Total Title I Grants to Local Educational Agencies			<u>993,473</u>
Special Education Cluster (IDEA)			
Special Education Grants to States (IDEA, Part B)	84.027A	84.027A, 2021	77,647
Special Education Grants to States (IDEA, Part B)	84.027A	84.027A, 2022	764,127
Total Special Education Grants to States (IDEA, Part B)			<u>841,774</u>
Special Education Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2022	20,914
Total Special Education Cluster (IDEA)			<u>862,688</u>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	12,565
Supporting Effective Instruction State Grants	84.367A	84.367A, 2022	127,581
Total Supporting Effective Instruction State Grants			<u>140,146</u>
Comprehensive Literacy Development - Striving Readers	84.371C	84.371C, 2021	34,208
Comprehensive Literacy Development - Striving Readers	84.371C	84.371C, 2022	93,480
Total Comprehensive Literacy Development - Striving Readers			<u>127,688</u>
Title IV-A Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	11,743
Title IV-A Student Support and Academic Enrichment Program	84.424A	84.424A, 2022	18,399
Total Title IV-A Student Support and Academic Enrichment Program			<u>30,142</u>
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2022	1,931,488
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2022	1,146,008
Total Education Stabilization Fund (ESF)			<u>3,077,496</u>
Total U.S. Department of Education			<u>5,231,633</u>
Total Expenditures of Federal Awards			<u>\$ 6,561,749</u>

The accompanying notes are an integral part of this schedule.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

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

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

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Ashland City School District under programs of the federal government for the fiscal year ended June 30, 2022 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Ashland City School District, it is not intended to and does not present the financial position, or changes in net position, or cash flows, of the Ashland City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS INDIRECT COST RATE

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

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

NOTE 5 – PASS-THROUGH FUNDS

The Ashland City School District was awarded federal program allocations to be administered on their behalf by the Tri-County Educational Service Center. For fiscal year 2022, the Ashland City School District’s allocations were as follows:

Grant/Program Name	ALN	Reallocated to	Award Amount
English Language Acquisition State Grants	84.365A	Tri-County Educational Service Center	\$ 3,065

NOTE 6 – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30, however, with the Ohio Department of Education’s consent, School Districts can transfer unobligated amounts to the subsequent program/fiscal year or a similar program. During fiscal year 2022, the Ashland City School District, with the Ohio Department of Education’s consent, made the following transfer:

Grant/Program Name	ALN	Grant/Program Year		Amount
		Transferred From	Transferred To	
Special Education Grants to States (IDEA, Part B)	84.027A	2021	2022	\$ 129,043

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

Ashland City School District
Ashland County
1407 Claremont Avenue
Ashland, Ohio 44805

To the Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ashland City School District, Ashland County, Ohio, as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Ashland City School District’s basic financial statements and have issued our report thereon dated November 18, 2022, wherein we noted the Ashland City School District uses a special purpose framework other than generally accepted accounting principles. Additionally, as discussed in Note 3 to the financial statements, for the fiscal year ending June 30, 2022, the Ashland City School District has elected to change its financial presentation to the cash basis of accounting comparable to the requirements of *Governmental Accounting Standards*. Furthermore, as discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods.

Report on Internal Control over Financial Reporting

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

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

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

Ashland City School District
Ashland County

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Ashland City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

Ashland City School District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Ashland City School District's response to the findings identified in our audit and described in the accompanying corrective action plan. The Ashland City School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Ashland City School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ashland City School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
November 18, 2022

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

Ashland City School District
Ashland County
1407 Claremont Avenue
Ashland, Ohio 44805

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Ashland City School District’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Ashland City School District’s major federal programs for the fiscal year ended June 30, 2022. The Ashland 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, the Ashland 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 fiscal year ended June 30, 2022.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Ashland City School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Ashland City School 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 Ashland City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Ashland City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Ashland City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Ashland City School District
Ashland County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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

Julian & Grube, Inc.

Julian & Grube, Inc.
November 18, 2022

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Education Stabilization Fund (ALN 84.425); Special Education Cluster (IDEA)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

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

2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2022-001

Noncompliance

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the Ashland City School District (the "School District") to prepare its annual financial reports in accordance with accounting principles generally accepted in the United States of America (GAAP).

The School District prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with GAAP.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.



ASHLAND CITY SCHOOLS

Administrative Offices 1407 Claremont Ave PO Box 160 Ashland Ohio 44805 419-289-1117 Fax 419-289-9534

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number	Planned Corrective Action	Anticipation Completion Date	Responsible Contact Person
2022-001	Ashland City School District plans to present the annual financial statement on a cash basis so that the information can be easily understood by the reader and the additional costs previously spent on presenting financial statements according to Generally Accepted Accounting Principles (GAAP) can be allocated toward educational purposes.	Not Applicable	Kyle Klingler, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



ASHLAND CITY SCHOOL DISTRICT

ASHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/2/2023

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

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