



OHIO AUDITOR OF STATE  
**KEITH FABER**





**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS  
FRANKLIN COUNTY  
JUNE 30, 2023**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances	
Governmental Funds .....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund.....	20
Statement of Net Position	
Proprietary Funds .....	21
Statement of Revenues, Expenses and Changes in Net Position	
Proprietary Funds .....	22
Statement of Cash Flows	
Proprietary Funds .....	23
Notes to the Basic Financial Statements.....	24

**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS  
FRANKLIN COUNTY  
JUNE 30, 2023**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability	
School Employees Retirement System of Ohio .....	63
State Teachers Retirement System of Ohio .....	64
Schedule of School District Pension Contributions	
School Employees Retirement System of Ohio .....	65
State Teachers Retirement System of Ohio .....	66
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)	
School Employees Retirement System of Ohio .....	67
State Teachers Retirement System of Ohio .....	68
Schedule of School District OPEB Contributions	
School Employees Retirement System of Ohio .....	69
State Teachers Retirement System of Ohio .....	70
Notes to the Required Supplementary Information .....	71
Schedule of Expenditures of Federal Awards .....	77
Notes to the Schedule of Expenditures of Federal Awards .....	78
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	81
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	83
Schedule of Findings.....	87

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## INDEPENDENT AUDITOR'S REPORT

Eastland-Fairfield Career and Technical Schools  
Franklin County  
4300 Amalgamated Place  
Groveport, Ohio 43125

To the Board of Education:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career and Technical Schools, Franklin County, Ohio (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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 financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career and Technical Schools, Franklin County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 School District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 3, 2024

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## **Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

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### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Eastland-Fairfield Career & Technical Schools' (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

### **FINANCIAL HIGHLIGHTS**

#### *Governmental Activities:*

- The School District's assets and deferred outflows of resources of its governmental activities exceeded its liabilities plus deferred inflows of resources at June 30, 2023 by \$40,408,084.
- The School District's net position of governmental activities increased \$4,587,246 which represents a 13 percent increase from the prior year's net position.
- General revenues of governmental activities accounted for \$32,259,249 in revenue or 91 percent of governmental activities revenues. Program specific revenues of governmental activities in the form of charges for services and sales, grants and contributions accounted for \$3,281,227 or 9 percent of total revenues of \$35,540,476.
- The School District had \$30,953,230 in expenses related to governmental activities; only \$3,281,227 of these expenses were offset by program specific charges for services and sales, grants, and contributions.

#### *Business-Type Activities:*

- The School District's assets and deferred outflows of resources of its business-type activities exceeded its liabilities plus deferred inflows of resources at June 30, 2023 by \$645,978.
- The School District's net position of business-type activities decreased \$464,715 which represents a 42 percent decrease from prior year's net position.
- General revenues of business-type activities accounted for \$144 in revenue or less than 1 percent of business-type activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,068,834 or more than 99 percent of total revenues of \$1,068,978.
- The School District had \$1,533,693 in expenses related to adult and community education; only \$1,068,834 of these expenses were offset by program specific charges for services and sales, and operating grants and contributions.

### **USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the School District's financial situation as a whole and also give a detailed view of its financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's major governmental funds with all other non-major funds presented in total in one column. The major governmental funds of the School District are the General Fund and Capital Project Fund. The other major fund for the School District is the Adult Education Enterprise Fund.

## **Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

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### **REPORTING THE SCHOOL DISTRICT AS A WHOLE**

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the School District's overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- **Governmental Activities.** Some of the School District's programs and services that are reported here include instruction, support services, non-instructional services, extracurricular activities and interest and fiscal charges.
- **Business-Type Activities.** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's adult education program is reported as a business-type activity.

### **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

#### **Fund Financial Statements**

The analysis of the School District's funds begins on page 9. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major funds are the General Fund, the Capital Project Fund and the Adult Education Enterprise 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 modified accrual basis of accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**Proprietary Funds.** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in statements for the School District as a whole.

**Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023*

**THE SCHOOL DISTRICT AS A WHOLE**

As stated previously, 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 2023 compared to 2022.

Table 1

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Assets:</b>						
Current and Other Assets	\$ 50,714,243	\$ 43,466,845	\$ 448,416	\$ 885,586	\$ 51,162,659	\$ 44,352,431
Net OPEB Asset	2,309,585	1,810,106	110,603	94,868	2,420,188	1,904,974
Capital Assets, Net	32,313,278	32,675,277	1,845,280	1,894,577	34,158,558	34,569,854
Total Assets	85,337,106	77,952,228	2,404,299	2,875,031	87,741,405	80,827,259
<b>Deferred Outflows of Resources:</b>						
Pensions	7,359,180	6,890,443	286,331	335,581	7,645,511	7,226,024
OPEB	451,563	552,578	48,909	43,786	500,472	596,364
	7,810,743	7,443,021	335,240	379,367	8,145,983	7,822,388
<b>Liabilities:</b>						
Current and Other Liabilities	3,517,925	3,080,273	268,751	98,208	3,786,676	3,178,481
Non-Current Liabilities						
Due Within One Year	917,941	837,479	31,571	46,670	949,512	884,149
Due in More Than One Year:						
Net Pension Liability	24,865,942	14,568,706	944,436	720,287	25,810,378	15,288,993
Net OPEB Liability	1,243,286	1,720,279	61,864	69,441	1,305,150	1,789,720
Other Amounts	610,023	706,342	5,734	28,752	615,757	735,094
Total Liabilities	31,155,117	20,913,079	1,312,356	963,358	32,467,473	21,876,437
<b>Deferred Inflows of Resources:</b>						
Pensions	2,088,499	11,519,531	577,943	975,171	2,666,442	12,494,702
OPEB	3,394,685	3,117,590	203,262	205,176	3,597,947	3,322,766
Property Taxes not Levied to Finance Current Year Operations	16,101,464	14,024,211	-	-	16,101,464	14,024,211
	21,584,648	28,661,332	781,205	1,180,347	22,365,853	29,841,679
<b>Net Position:</b>						
Net Investment in Capital Assets	32,313,278	32,675,277	1,845,280	1,894,577	34,158,558	34,569,854
Restricted	363,863	-	-	-	363,863	-
Unrestricted	7,730,943	3,145,561	(1,199,302)	(783,884)	6,531,641	2,361,677
Total Net Position	\$ 40,408,084	\$ 35,820,838	\$ 645,978	\$ 1,110,693	\$ 41,054,062	\$ 36,931,531

Total assets increased in 2023 by \$6,914,146. The primary increase in total assets is due to the increases in property taxes receivable. Deferred outflows of resources increased due primarily to pensions. Current and other liabilities increased from 2022 to 2023 due primarily to the increase in accrued wages and benefits. Total net position of the School District as a whole increased \$4,122,531.

The net pension liability increased from 2022 to 2023 while the net OPEB liability decreased from 2022 to 2023 due to actuarial calculations which the School District cannot control. Deferred inflows decreased from 2022 to 2023 due to decreases in deferred inflows related to pensions.

## **Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.”. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the School District’s statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan’s *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

**Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023*

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**Governmental Activities**

Table 2 shows the changes in net position for the fiscal years ended June 30, 2023 and 2022.

Table 2

	Governmental Activities	Governmental Activities
	2023	2022
<b>Revenues</b>		
Program Revenues		
Charges for Services and Sales	516,024	449,260
Operation Grants and Contributions	<u>2,765,203</u>	<u>2,770,990</u>
Total Program Revenues	<u>3,281,227</u>	<u>3,220,250</u>
General Revenues		
Property Taxes	20,404,452	18,609,396
Grants and Entitlements, Not Restricted to Specific Programs	10,446,097	9,147,169
Investment Earnings	959,583	32,131
Gifts and Donations, Not Restricted to Specific Programs	51,632	30,278
Miscellaneous	<u>397,485</u>	<u>222,684</u>
Total General Revenues	<u>32,259,249</u>	<u>28,041,658</u>
Total Revenues	<u>35,540,476</u>	<u>31,261,908</u>
<b>Programs Expenses</b>		
Instruction		
Regular	5,274,917	4,341,623
Special	2,041,793	1,702,956
Career and Technical	11,207,438	8,664,163
Adult/Continuing	390,167	362,141
Other	154,510	222,963
Support Services		
Pupils	2,017,685	1,144,232
Instructional Staff	732,049	533,906
Board of Education	59,852	34,978
Administration	3,114,144	2,470,592
Fiscal	889,452	809,942
Business	129,442	62,463
Operation and Maintenance of Plant	2,436,433	3,467,439
Pupil Transportation	112,318	0
Central	1,116,251	1,295,072
Non-Instructional Services	934,032	1,096,662
Extracurricular Activities	342,747	332,273
Interest and Fiscal Charges	<u>0</u>	<u>5,163</u>
Total Expenses	<u>30,953,230</u>	<u>26,546,568</u>
Increase in Net Position	4,587,246	4,715,340
Net Position, Beginning of Year	<u>35,820,838</u>	<u>31,105,498</u>
Net Position, End of Year	<u>\$40,408,084</u>	<u>\$35,820,838</u>

**Eastland-Fairfield Career & Technical Schools***Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2023*

Property tax revenues increased from 2022 to 2023 primarily due to timing of amounts available to advance between fiscal years. Investment earnings increased due to favorable market conditions in 2023. The increases in regular instruction, special instruction, career and technical instruction, pupil support services and administration support service expenses is due mainly to pension activity and other postemployment benefits activity. Non-instructional services decreased \$162,630 in 2023.

Property taxes comprised 57 percent of revenues for governmental activities of the School District for fiscal year 2023 and represent the largest source of revenue. General revenue grants and entitlements comprised 29 percent of revenue for governmental activities during 2023.

As indicated by governmental program expenses, total instruction is emphasized. Total instruction comprised 62 percent of governmental program expenses with support services comprising 34 percent of governmental expenses. The Board of Education relies on taxes to support increased student achievement within the School District.

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**  
**Total and Net Cost of Program Services**  
**Governmental Activities**

	2023	2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services
	Net Cost of Services		
Instruction	\$19,068,825	\$18,034,473	\$15,293,846
Support Services	10,607,626	9,710,711	9,818,624
Non-Instructional Services	934,032	(230,838)	1,096,662
Extracurricular Activities	342,747	157,657	332,273
Interest and Fiscal Charges	-	-	5,163
<b>Total Expenses</b>	<b>\$30,953,230</b>	<b>\$27,672,003</b>	<b>\$26,546,568</b>
			<b>\$23,326,318</b>

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**Eastland-Fairfield Career & Technical Schools***Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2023****Business-Type Activities***

Table 4 shows the changes in net position for the fiscal years ended June 30, 2023 and June 30, 2022.

**Table 4**  
**Change in Net Position for Business-Type Activities**

	2023	2022
Revenues		
Program Revenues:		
Charges for Services and Sales	\$614,077	\$691,493
Operation Grants and Contributions	454,757	385,413
Total Program Revenues	<u>1,068,834</u>	<u>1,076,906</u>
General Revenues:		
Other	144	176
Total General Revenues	<u>144</u>	<u>176</u>
Total Revenues	<u>1,068,978</u>	<u>1,077,082</u>
Program Expenses	<u>1,533,693</u>	<u>1,421,880</u>
Increase (Decrease) in Net Position	(464,715)	(344,798)
Net Position at Beginning of Year	<u>1,110,693</u>	<u>1,455,491</u>
Net Position at End of Year	<u><u>\$645,978</u></u>	<u><u>\$1,110,693</u></u>

Business-type activities are comprised of adult and community education. The adult education program has two components: community education programs and after school programs. Charges for services and sales decreased due to decreased tuition and fees which is driven by enrollment. Program expenses increased from the prior year primarily due to changes in pension and OPEB activity.

**THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major governmental funds begins on page 14. Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$37,354,041 and expenditures and other financing uses of \$32,884,126. The General Fund balance increased \$2,580,848, due primarily to Tax Revenue and revenues exceeding expenditures. The Capital Projects fund balance increased \$1,930,531 as expenditures did not exceed the transfer in of \$2,000,000.

Business-type activity funds are accounted for using the full accrual basis of accounting. The Adult Education Fund is the School District's only business-type activity fund, which had total operating and nonoperating revenues of \$1,068,978 and expenses of \$1,533,693. The Adult Education Fund net position decreased \$464,715. This was a result of expenses exceeding revenues.

The School District's budget is adopted on a fund basis. Periodically, the Board adopts the five year forecast, which provides subtotals of expenditures by object level. The five-year forecast is adopted when the temporary appropriation measure, permanent appropriation measure and tax budget are adopted.

During 2023, there were several revisions made to the General Fund budget. Total estimated revenues increased \$1,922,567 from original to final due to an increase in expected property tax and intergovernmental revenues. Actual revenues increased \$142,532 over final estimated revenues due to intergovernmental receipts and return advances being higher than expected. Total estimated appropriations increased from the original to the final by \$4,795,906 due to personnel adjustments for salaries and fringe benefits. Final appropriations were greater than actual expenditures by \$1,997,022. The School District's ending un-obligated cash balance was \$15,543,451.

## **Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

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### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### **Capital Assets**

At the end of fiscal year 2023, the School District had \$34,158,558 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 5 shows the fiscal year 2023 balances compared to 2022. For additional information regarding capital assets please see Note 6 to the basic financial statements.

Table 5  
Capital Assets  
(Net of Depreciation)

	<u>2023</u>	<u>2022</u>
<i>Governmental Activities:</i>		
Land	\$ 449,800	\$ 449,800
Land Improvements	846,835	125,983
Buildings and Improvements	27,069,973	28,165,701
Furniture and Equipment	3,665,963	3,909,947
Vehicles	280,707	23,846
Subtotal	<u>32,313,278</u>	<u>32,675,277</u>
<i>Business-Type Activities:</i>		
Buildings and Improvements	1,615,366	1,707,935
Furniture and Equipment	213,077	186,642
Vehicles	<u>16,837</u>	<u>-</u>
Subtotal	1,845,280	1,894,577
Totals	<u><u>\$ 34,158,558</u></u>	<u><u>\$ 34,569,854</u></u>

Changes in capital assets from the prior year resulted from additions, deletions and depreciation.

#### **Debt**

At June 30, 2023, the School District had no outstanding long-term debt.

For additional information regarding long term obligations, please see Note 11 to the basic financial statements.

#### **ECONOMIC FACTORS**

The School District has experienced being a “guarantee” school district, a “formula” school district and even a “cap” school district over the years as follows:

FY 2008 Guarantee, FY 2009 Formula – HB 119

FYs 2010 and 2011 – HB1 Flat Dollar revenue, .75% increase in 2009’s aid for FY 2010 and .75% increase in 2010’s for FY 2011.

FY 2012 and 2013 – HB 153 Flat Funded for the state basic aid line item

FY 2014 – HB 59 returned to the formula – School District was on guarantee for FY 2014 but experienced the gain cap for FY 2015.

FY 2016 and 2017 – HB 64 – Formula for both years.

FY 2018 and 2019 – HB 49 – Guarantee for both years.

FY 2020 and 2021 – HB 166 – Flat Funded at FY 2019 amount for the opportunity amount. Additional dollars provided for “Wellness & Student Success” but such were tracked in a new Fund 467 and were not reflected in the general fund. The increase reflected was due to a significant increase in open enrollment.

## **Eastland-Fairfield Career & Technical Schools**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2023*

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FY 2022 and 2023 – HB 110 (Fair School Funding Plan) – Included open enrolled students in the formula count, as well as including student wellness and success funds. Fund 467 was fully depleted, and all revenue and expenditures are now included in the general fund. Categorical funding returned to weighted factors and not fixed dollar amounts – and all subject to an overall phase-in of 16.67% FY 22 and 33.33% FY 23. FY 2024 and 2025 – HB 33 (Fair School Funding Plan) – The formulas function the same but the phase-in continues to increase to 50% FY 24 and 66.67% FY 25 and the inputs reflect FY 22 instead of FY 18 amounts. The Career Awareness Funding – handled as a transfer outside of the phase-in – will continue to grow at \$2.50 per enrollment (with a total enrollment of approximately 61,000) each year for both years of this biennium.

The determination of guarantees and caps (minimums and maximums) is a function of the formula. When enrollment growth is outpacing local revenue growth, then the school district can be operating on the formula – and even to the extent of maxing out at a gain cap. However, when enrollment is decreasing – or growing but not as significantly as local revenue growth – then a school district can operate on the formula or drop to the extent of needing the guarantee.

Eastland-Fairfield serves the six counties of Franklin, Fairfield, Pickaway, Hocking, Licking, and Perry. Eastland-Fairfield's local revenue, including Other Local Revenue, is approximately 76% of the General Fund Revenues. Unfortunately, an unprecedented decrease in appraisal values occurred, due to the housing market changes that began in 2008 and the reappraisals that took place reflecting the changes. The benefit of the full 2.0 mills that had been experienced during the prior years saw a full decrease, as no “buffer” existed between voted and effective millage – so the School District saw the full 2.0 mill impact on the appraisal decreases, making FY 2013 revenues similar to FY 2006. FY 2013 was the “bottom” and growth has taken place since as denoted below.

- FY 2014 1.5% increase, compared to FY 2013.
- FY 2015 0.3% increase, compared to FY 2014.
- FY 2016 2.0% increase, compared to FY 2015.
- FY 2017 3.3% increase, compared to FY 2016.
- FY 2018 6.6% increase, compared to FY 2017.
- FY 2019 2.8% increase, compared to FY 2018.
- FY 2020 6.5% increase, compared to FY 2019.
- FY 2021 9.7% increase anticipated, compared to FY 2020.
- FY 2022 6.3% increase, compared to FY 2021.
- FY 2023 5.8% increase, compared to FY 2022.

A county's reappraisal takes place every six (calendar) years and is then collected the following March and August. With EFCTS' Fiscal Year of July 1 – June 30 that equates to a partial impact the first fiscal year following the reappraisal and full impact the second fiscal year. Franklin and Pickaway counties' reappraisal is taking place during 2023, so a partial impact for FY 2024 and full impact for FY 2025. 2022 was the triennial update for Fairfield county, with partial impact in FY 2023 and full in FY 2024. The following percentages were used for FYs 2024- 2028: 8.31%, 4.60%, 6.40%, 4.14%, 5.78%. Should the housing market again have a significant negative change, as it did in 2008, the full impact will likely again take five years to experience fully. These percentages consider all factors of property taxes, including Rollback/Homestead and delinquent personal property taxes.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial situation 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 Dawn Lemley, Treasurer, Eastland-Fairfield Career & Technical Schools, 4300 Amalgamated Place, Groveport, Ohio 43125-0419.

**Eastland-Fairfield Career & Technical Schools**

*Statement of Net Position*

*As of June 30, 2023*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Investments	\$27,633,145	\$305,383	\$27,938,528
Receivables:			
Property Taxes	22,223,868	-	22,223,868
Accounts	-	127,178	127,178
Intergovernmental	470,547	-	470,547
Prepaid Items	195,683	15,855	211,538
Interfund Receivable	191,000	-	191,000
Net OPEB Asset	2,309,585	110,603	2,420,188
Non-Depreciable Capital Assets	449,800	-	449,800
Depreciable Capital Assets, Net	<u>31,863,478</u>	<u>1,845,280</u>	<u>33,708,758</u>
<i>Total Assets</i>	<u>85,337,106</u>	<u>2,404,299</u>	<u>87,741,405</u>
Deferred Outflows of Resources			
Pensions:			
State Teachers Retirement System	6,371,954	242,351	6,614,305
School Employees Retirement System	987,226	43,980	1,031,206
OPEB:			
State Teachers Retirement System	214,375	18,260	232,635
School Employees Retirement System	<u>237,188</u>	<u>30,649</u>	<u>267,837</u>
<i>Total Deferred Outflows of Resources</i>	<u>7,810,743</u>	<u>335,240</u>	<u>8,145,983</u>
Liabilities			
Accounts Payable	\$180,537	\$ -	\$180,537
Accrued Wages and Benefits	2,289,658	59,620	2,349,278
Claims Payable	612,605	-	612,605
Contracts Payable	96,515	-	96,515
Interfund Payable	-	191,000	191,000
Intergovernmental Payable	338,610	18,131	356,741
Non-Current Liabilities:			
Due Within One Year	917,941	31,571	949,512
Due in More Than One Year			
Net Pension Liability (See Note 8)	24,865,942	944,436	25,810,378
Net OPEB Liability (See Note 9)	1,243,286	61,864	1,305,150
Other Amounts Due in More Than One Year	<u>610,023</u>	<u>5,734</u>	<u>615,757</u>
<i>Total Liabilities</i>	<u>31,155,117</u>	<u>1,312,356</u>	<u>32,467,473</u>
Deferred Inflows of Resources			
Pensions:			
State Teachers Retirement System	1,861,936	520,609	2,382,545
School Employees Retirement System	226,563	57,334	283,897
OPEB:			
State Teachers Retirement System	1,987,599	102,445	2,090,044
School Employees Retirement System	1,407,086	100,817	1,507,903
Property Taxes Not Levied to Finance Current Year Operations	<u>16,101,464</u>	<u>-</u>	<u>16,101,464</u>
<i>Total Deferred Inflows of Resources</i>	<u>21,584,648</u>	<u>781,205</u>	<u>22,365,853</u>
Net Position			
Net Investment in Capital Assets	32,313,278	1,845,280	34,158,558
Restricted for:			
Other Purposes	363,863	-	363,863
Unrestricted (Deficit)	<u>7,730,943</u>	<u>(1,199,302)</u>	<u>6,531,641</u>
<i>Total Net Position</i>	<u>\$40,408,084</u>	<u>\$645,978</u>	<u>\$41,054,062</u>

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2023*

	Program Revenues					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities							
Instruction:							
Regular	\$ 5,274,917	\$ 20,390	\$ -	\$ (5,254,527)	\$ -	\$ (5,254,527)	
Special	2,041,793	8,584	110,608	(1,922,601)	-	(1,922,601)	
Career and Technical	11,207,438	37,557	414,781	(10,755,100)	-	(10,755,100)	
Adult/Continuing	390,167	-	359,476	(30,691)	-	(30,691)	
Other	154,510	-	82,956	(71,554)	-	(71,554)	
Support Services:							
Pupil	2,017,685	6,438	525,389	(1,485,858)	-	(1,485,858)	
Instructional Staff	732,049	2,146	138,260	(591,643)	-	(591,643)	
Board of Education	59,852	-	-	(59,852)	-	(59,852)	
Administration	3,114,144	12,877	55,304	(3,045,963)	-	(3,045,963)	
Fiscal	889,452	4,292	-	(885,160)	-	(885,160)	
Business	129,442	1,073	-	(128,369)	-	(128,369)	
Operation and Maintenance of Plant	2,436,433	8,584	-	(2,427,849)	-	(2,427,849)	
Pupil Transportation	112,318	-	110,608	(1,710)	-	(1,710)	
Central	1,116,251	4,292	27,652	(1,084,307)	-	(1,084,307)	
Non-Instructional Services	934,032	307,657	857,213	230,838	-	230,838	
Extracurricular Activities	342,747	102,134	82,956	(157,657)	-	(157,657)	
<i>Total Governmental Activities</i>	<i>30,953,230</i>	<i>516,024</i>	<i>2,765,203</i>	<i>(27,672,003)</i>	<i>-</i>	<i>(27,672,003)</i>	
Business-Type Activities							
Adult and Community Education	1,533,693	614,077	454,757	-	(464,859)	(464,859)	
<i>Total Business-Type Activities</i>	<i>1,533,693</i>	<i>614,077</i>	<i>454,757</i>	<i>-</i>	<i>(464,859)</i>	<i>(464,859)</i>	
<i>Total All Activities</i>	<i>\$ 32,486,923</i>	<i>\$ 1,130,101</i>	<i>\$ 3,219,960</i>	<i>\$ (27,672,003)</i>	<i>\$ (464,859)</i>	<i>\$ (28,136,862)</i>	
<b>General Revenues</b>							
Property Taxes Levied for:							
General Purposes							
Grants and Entitlements not Restricted							
to Specific Programs							
Gifts and Donations not Restricted							
to Specific Programs							
Investment Earnings							
Miscellaneous							
Total General Revenues							
Change in Net Position							
Net Position Beginning of Year							
Net Position End of Year							

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**

*Balance Sheet*

*Governmental Funds*

*As of June 30, 2023*

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 22,176,981	\$ 4,212,761	\$ 556,955	\$ 26,946,697
Receivables:				
Property Taxes	22,223,868	-	-	22,223,868
Intergovernmental Receivable	71,225	-	399,322	470,547
Interfund Receivable	920,521	-	-	920,521
Prepaid Items	193,644	-	2,039	195,683
<i>Total Assets</i>	<u>45,586,239</u>	<u>4,212,761</u>	<u>958,316</u>	<u>50,757,316</u>
<b>Liabilities</b>				
Accounts Payable	106,830	-	73,707	180,537
Contracts Payable	96,515	-	-	96,515
Accrued Wages and Benefits	2,152,743	-	136,915	2,289,658
Interfund Payable	-	-	729,521	729,521
Intergovernmental Payable	305,189	-	33,421	338,610
<i>Total Liabilities</i>	<u>2,661,277</u>	<u>-</u>	<u>973,564</u>	<u>3,634,841</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes not Levied to Finance Current Year Operations	16,101,464	-	-	16,101,464
Unavailable Revenue - Delinquent Taxes	623,868	-	-	623,868
Unavailable Revenue - Intergovernmental	-	-	281,008	281,008
<i>Total Deferred Inflows of Resources</i>	<u>16,725,332</u>	<u>-</u>	<u>281,008</u>	<u>17,006,340</u>
<b>Fund Balances</b>				
Nonspendable	193,644	-	2,039	195,683
Restricted	-	-	301,249	301,249
Committed	-	4,212,761	-	4,212,761
Assigned	5,872,220	-	-	5,872,220
Unassigned (Deficit)	20,133,766	-	(599,544)	19,534,222
<i>Total Fund Balances</i>	<u>26,199,630</u>	<u>4,212,761</u>	<u>(296,256)</u>	<u>30,116,135</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u><u>\$ 45,586,239</u></u>	<u><u>\$ 4,212,761</u></u>	<u><u>\$ 958,316</u></u>	<u><u>\$ 50,757,316</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 As of June 30, 2023*

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Total Governmental Fund Balances	\$30,116,135
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,313,278
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	623,868
Intergovernmental	<u>281,008</u>
Total	904,876

An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.	73,843
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The net pension and OPEB liabilities (assets) are not due and payable in the current period; therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in the funds.

Deferred outflows of resources related to pensions	7,359,180
Deferred outflows of resources related to OPEB	451,563
Deferred inflows of resources related to pensions	(2,088,499)
Deferred inflows of resources related to OPEB	(3,394,685)
Net Pension Liability	(24,865,942)
Net OPEB Asset	2,309,585
Net OPEB Liability	<u>(1,243,286)</u>
Total	(21,472,084)

The long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Compensated Absences	<u>(1,527,964)</u>
Total	<u>(1,527,964)</u>

Net Position of Governmental Activities	<u>\$40,408,084</u>
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The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2023*

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 20,367,151	\$ -	\$ -	\$ 20,367,151
Tuition and Fees	83,731	-	-	83,731
Earnings on Investments	959,583	-	-	959,583
Intergovernmental	10,446,097	-	2,515,835	12,961,932
Extracurricular Activities	-	-	101,061	101,061
Charges for Services	16,284	-	307,657	323,941
Rentals	7,291	-	-	7,291
Gifts and Donations	51,632	-	-	51,632
Other	392,396	5,000	89	397,485
<i>Total Revenues</i>	<i>32,324,165</i>	<i>5,000</i>	<i>2,924,642</i>	<i>35,253,807</i>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	5,023,732	-	-	5,023,732
Special	1,846,260	-	111,470	1,957,730
Career and Technical	8,479,002	3,936	467,085	8,950,023
Adult/Continuing	-	-	385,181	385,181
Other	86,513	-	90,319	176,832
Support Services:				
Pupil	1,470,359	-	569,846	2,040,205
Instructional Staff	600,800	-	149,971	750,771
Board of Education	59,852	-	-	59,852
Administration	3,078,490	-	75,017	3,153,507
Fiscal	909,593	-	-	909,593
Business	203,642	-	-	203,642
Operation and Maintenance of Plant	2,249,728	-	7,047	2,256,775
Pupil Transportation	2,588	-	107,959	110,547
Central	1,124,752	-	41,764	1,166,516
Extracurricular Activities	238,289	-	105,318	343,607
Non-Instructional Services	26,881	-	955,129	982,010
Capital Outlay	2,243,070	70,533	-	2,313,603
<i>Total Expenditures</i>	<i>27,643,551</i>	<i>74,469</i>	<i>3,066,106</i>	<i>30,784,126</i>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>4,680,614</b>	<b>(69,469)</b>	<b>(141,464)</b>	<b>4,469,681</b>
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	2,000,000	100,000	2,100,000
Proceeds from the Sale of Capital Assets	234	-	-	234
Transfers Out	(2,100,000)	-	-	(2,100,000)
<i>Total Other Financing Sources (Uses)</i>	<i>(2,099,766)</i>	<i>2,000,000</i>	<i>100,000</i>	<i>234</i>
Net Change in Fund Balances	2,580,848	1,930,531	(41,464)	4,469,915
Fund Balances at Beginning of Year	23,618,782	2,282,230	(254,792)	25,646,220
Fund Balances at End of Year	<u>\$ 26,199,630</u>	<u>\$ 4,212,761</u>	<u>\$ (296,256)</u>	<u>\$ 30,116,135</u>

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2023*

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Net Change in Fund Balances - Total Governmental Funds	\$4,469,915
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.	
Capital Asset Additions	2,313,603
Current Year Depreciation	<u>(2,671,375)</u>
Total	(357,772)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the Statement of Activities a gain or loss is reported for each disposal. This is the amount of the gain on the disposal of capital assets and the proceeds from the sale of capital assets.	
Proceeds from Sale of Capital Assets	(234)
Loss on Disposal of Capital Assets	<u>(3,993)</u>
Total	(4,227)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Taxes	37,301
Intergovernmental	<u>249,368</u>
Total	286,669
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide Statement of Activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue of the internal service fund is allocated among the governmental activities.	
	(24,951)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
	2,315,838
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense (gain) in the statement of activities.	
	(2,690,792)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense (gain) in the statement of activities.	
	575,849
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Decrease in Compensated Absences	15,857
Decrease in Interest Payable	<u>860</u>
Total	<u>16,717</u>
Change in Net Position of Governmental Activities	<u><u>\$4,587,246</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**  
*Statement of Revenues, Expenditures and Changes  
 in Fund Balance - Budget and Actual  
 (Non-GAAP Budgetary Basis)  
 General Fund  
 For the Fiscal Year Ended June 30, 2023*

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	Budgeted Amounts			Variance with Final Budget: Positive (Negative)
	Original	Final	Actual	
Total Revenues and Other Sources	\$ 30,234,268	\$ 32,156,835	\$ 32,299,367	\$ 142,532
Total Expenditures and Other Uses	<u>33,499,430</u>	<u>38,295,336</u>	<u>36,298,314</u>	<u>1,997,022</u>
Net Change in Fund Balance	(3,265,162)	(6,138,501)	(3,998,947)	2,139,554
Fund Balance, July 1	17,721,416	17,721,416	17,721,416	0
Prior Year Encumbrances Appropriated	<u>1,820,982</u>	<u>1,820,982</u>	<u>1,820,982</u>	<u>0</u>
Fund Balance, June 30	<u>\$ 16,277,236</u>	<u>\$ 13,403,897</u>	<u>\$ 15,543,451</u>	<u>\$ 2,139,554</u>

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**

*Statement of Net Position*

*Proprietary Funds*

*As of June 30, 2023*

	Business-Type Activities		Governmental Activities	
	Enterprise Fund			
	Adult Education	Internal Service		
Assets				
Current Assets:				
Equity in Pooled Cash and Investments	\$ 305,383	\$ 686,448	-	
Accounts Receivable	127,178	-	-	
Prepaid Items	15,855	-	-	
<i>Total Current Assets</i>	<u>448,416</u>	<u>686,448</u>		
Noncurrent Assets:				
Net OPEB Asset	110,603	-	-	
Capital Assets, net	1,845,280	-	-	
<i>Total Noncurrent Assets</i>	<u>1,955,883</u>	<u>-</u>		
<i>Total Assets</i>	<u>2,404,299</u>	<u>686,448</u>		
Deferred Outflows of Resources				
Pensions:				
State Teachers Retirement System	242,351	-	-	
School Employees Retirement System	43,980	-	-	
OPEB:				
State Teachers Retirement System	18,260	-	-	
School Employees Retirement System	30,649	-	-	
<i>Total Deferred Outflows of Resources</i>	<u>335,240</u>	<u>-</u>		
Liabilities				
Current Liabilities:				
Accrued Wages and Benefits	59,620	-	-	
Interfund Payable	191,000	-	-	
Claims Payable	-	612,605	-	
Intergovernmental Payable	18,131	-	-	
<i>Total Current Liabilities</i>	<u>268,751</u>	<u>612,605</u>		
Non-Current Liabilities:				
Due Within One Year	31,571	-	-	
Net Pension Liability	944,436	-	-	
Net OPEB Liability	61,864	-	-	
Other Amounts Due in More Than One Year	5,734	-	-	
<i>Total Non-Current Liabilities</i>	<u>1,043,605</u>	<u>-</u>		
<i>Total Liabilities</i>	<u>1,312,356</u>	<u>612,605</u>		
Deferred Inflows of Resources				
Pensions:				
State Teachers Retirement System	520,609	-	-	
School Employees Retirement System	57,334	-	-	
OPEB:				
State Teachers Retirement System	102,445	-	-	
School Employees Retirement System	100,817	-	-	
<i>Total Deferred Inflows of Resources</i>	<u>781,205</u>	<u>-</u>		
Net Position				
Net Investment in Capital Assets	\$ 1,845,280	-	-	
Unrestricted	(1,199,302)	<u>73,843</u>		
<i>Total Net Position</i>	<u>\$ 645,978</u>	<u>\$ 73,843</u>		

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**  
*Statement of Revenues, Expenses and Changes in Net Position*  
*Proprietary Funds*  
*For the Fiscal Year Ended June 30, 2023*

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	Business-Type Activities Enterprise Fund	Governmental Activities
	Adult Education	Internal Service
Operating Revenues		
Tuition and Fees	\$ 609,277	\$ -
Charges for Services	4,800	3,190,131
Miscellaneous	144	-
<i>Total Operating Revenues</i>	<u>614,221</u>	<u>3,190,131</u>
Operating Expenses		
Salaries, Wages and Fringe Benefits	1,096,352	-
Purchased Services	144,970	1,055,533
Claims	-	2,159,549
Materials and Supplies	129,418	-
Depreciation Expense	119,145	-
Miscellaneous	43,808	-
<i>Total Operating Expenses</i>	<u>1,533,693</u>	<u>3,215,082</u>
Operating Income (Loss)	<u>(919,472)</u>	<u>(24,951)</u>
Nonoperating Revenues		
Intergovernmental Revenues	<u>454,757</u>	<u>-</u>
<i>Total Nonoperating Revenues</i>	<u>454,757</u>	<u>-</u>
Changes in Net Position	(464,715)	(24,951)
Net Position at Beginning of Year	<u>1,110,693</u>	<u>98,794</u>
Net Position at End of Year	<u>\$ 645,978</u>	<u>\$ 73,843</u>

The notes to the basic financial statements are an integral part of this statement.

**Eastland-Fairfield Career & Technical Schools**  
**Statement of Cash Flows**  
**Proprietary Funds**  
*For the Fiscal Year Ended June 30, 2023*

	Business-Type Activities		Governmental Activities	
	Enterprise Fund			
	Adult Education	Internal Service		
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>				
<i>Cash Flows from Operating Activities:</i>				
Cash Received from Transaction with Other Funds	\$ -		\$ 3,190,131	
Cash Received from Other Operating Sources	144		-	
Cash Received from Tuition Payments and Charges for Services	598,123		-	
Cash Payments to Suppliers for Services	(139,407)		(1,055,533)	
Cash Payments to Employees for Services and Benefits	(1,296,128)		-	
Cash Payments for Claims	-		(2,070,326)	
<i>Net Cash Provided (Used) for Operating Activities</i>	<u>(837,268)</u>		<u>64,272</u>	
<i>Cash Flows from Noncapital Financing Activities:</i>				
Intergovernmental	454,757		-	
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>454,757</u>		<u>-</u>	
<i>Cash Flows from Capital and Related Financing Activities:</i>				
Payments for Capital Acquisitions	(69,848)		-	
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(69,848)</u>		<u>-</u>	
Net Increase (Decrease) in Cash and Cash Equivalents	(452,359)		64,272	
Cash and Cash Equivalents at Beginning of Year	757,742		622,176	
Cash and Cash Equivalents at End of Year	<u>\$ 305,383</u>		<u>\$ 686,448</u>	
<b><i>Reconciliation of Operating (Loss) to Net Cash Used for Operating Activities</i></b>				
Operating Income (Loss)	\$ (919,472)		\$ (24,951)	
Depreciation Expense	119,145		-	
<i>Changes in Assets, Deferred Outflows of Resources, Liabilities, and Deferred Inflows of Resources:</i>				
Increase in Accounts Receivable	(15,954)		-	
Decrease in Prepaid Items	765		-	
Decrease in Deferred Outflows of Resources-Pensions	49,250		-	
Increase in Deferred Outflows of Resources-OPEB	(5,123)		-	
Decrease in Accounts Payable	(12,976)		-	
Decrease in Accrued Wages and Benefits	(3,835)		-	
Increase in Interfund Payable	191,000		-	
Decrease in Compensated Absences	(38,117)		-	
Decrease in Intergovernmental Payable	(3,646)		-	
Increase in Net Pension Liability	224,149		-	
Decrease in Net OPEB Liability	(7,577)		-	
Increase in Net OPEB Asset	(15,735)		-	
Decrease in Deferred Inflows of Resources-Pensions	(397,228)		-	
Decrease in Deferred Inflows of Resources-OPEB	(1,914)		-	
Increase in Claims Payable	-		89,223	
Total Adjustments	82,204		89,223	
<i>Net Cash Provided (Used) for Operating Activities</i>	<u>\$ (837,268)</u>		<u>\$ 64,272</u>	

The notes to the basic financial statements are an integral part of this statement.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Eastland-Fairfield Career & Technical Schools (the School District) is a career-technical school district organized under section 3311.18 of the Ohio Revised Code. The School District provides career-technical education for 16 (15 statute and one contracted) school districts serving a student population of 1,600 plus an additional 200 served by IT Foundation programs throughout 700 square miles of central Ohio, including Franklin, Fairfield, Pickaway, Licking, Hocking and Perry Counties. A nine-member Board of Education governs the School District, which is supported by a 1.20 mill continuing operating levy passed in 1971 and a 0.8 mill continuing operating levy passed in 1998, both for an assessed valuation of over \$11.0 billion tax duplicate. In addition, the School District receives funds from the State of Ohio Career and Technical School Foundation Program. The School District fosters cooperative relationships with business and industry, professional organizations, participating school districts, and other interested, concerned groups and organizations to consider, plan, and implement educational programs designed to meet the common needs and interest of students.

#### **Reporting Entity**

The School District is a jointly governed organization, legally separate from other organizations. The Board of Education of the School District consists of nine appointed members as follows: five from the Educational Service Center of Central Ohio and the Fairfield County Educational Service Center, and one each from the Teays Valley Local School District, Whitehall City School District, Gahanna-Jefferson City School District, and Reynoldsburg City School District. The Educational Service Center of Central Ohio and Fairfield County Educational Service Center switch the 3-2 split of the five members in January of every fourth year. For fiscal year 2023, the split was 3 from the Educational Service Center of Central Ohio (ESCCO) and 2 from Fairfield County Educational Service Center. No school district appoints a voting majority of the Board. None of the school districts that appoint Board Members are financially accountable for the School District.

The reporting entity consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, adult continuing education and student related activities of the School District.

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

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the City of Groveport and participating local and city school districts.

The School District is associated with the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. This organization is presented in Note 15 to the basic financial statements. The School District participates in the Metropolitan Education Technology Association (META), which is defined as a jointly governed organization. This organization is presented in Note 17 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

## **Eastland-Fairfield Career & Technical Schools**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District follows GASB guidance as applicable to its governmental and business-type activities. The most significant of the School District's accounting policies are described below.

### **Fund Accounting**

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

### **Governmental Funds**

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

#### **General Fund**

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

#### **Capital Projects Fund**

The Capital projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities, other capital assets, and other non-capitalized capital outlays.

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

### **Proprietary Fund Type**

Proprietary fund reporting focuses 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 has one enterprise fund and one internal service fund.

### **Enterprise Funds**

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

#### **Adult Education Fund**

This fund accounts for educational opportunities offered on a tuition basis to adults living within the community. The main source of revenue for the Adult Education Fund is tuition and fees.

## **Eastland-Fairfield Career & Technical Schools**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Internal Service Fund**

The internal service fund accounts for the financing of services provided by one department or Custodial to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee medical and dental claims.

### **Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

### **Government-wide Financial Statements**

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government.

The Statement of Net Position presents the financial condition of governmental and business-type activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District. As a general rule the effect of interfund services provided and used are not eliminated in the process of consolidation with the exception of the Internal Service Fund activity which was eliminated in the Statement of Activities.

### **Fund Financial Statements**

During the year, the School District segregated 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

### **Measurement Focus**

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

## **Eastland-Fairfield Career & Technical Schools**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Measurement Focus (Continued)**

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and all deferred inflows/outflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

### **Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for proprietary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension and OPEB liabilities (assets), and the recording of net pension and OPEB liabilities (assets).

### **Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty (60) days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (see Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

## **Eastland-Fairfield Career & Technical Schools**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Deferred Outflows and Deferred Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions and other postemployment benefits as of June 30, 2023. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Note 8 and Note 9, respectively. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and interest which are not collected in the available period, pensions and OPEB. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes, and interest not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and other postemployment benefits are only reported on the Statement of Net Position. See Note 8 and Note 9, respectively.

### **Expenses/Expenditures**

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due; and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

### **Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level 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 budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. The amount 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 year.

## **Eastland-Fairfield Career & Technical Schools**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Cash and Investments**

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

During fiscal year 2023, the School District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio), federal government instrumentalities and money market accounts. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAROhio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$959,583. The amount of interest income assigned from other funds for fiscal year 2023 amounted to \$178,492.

For purposes of the Statement of Cash Flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

### **Prepaid Items**

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

## **Eastland-Fairfield Career & Technical Schools**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Capital Assets and Depreciation**

General capital assets of the School District are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental & Business-Type Assets	Estimated Lives
Building and Improvements		25 years
Furniture and Equipment		10 years
Vehicles		10 years
IT Equipment		5 years

### **Compensated Absences**

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future. The School District records an accrual for sick leave for all employees with ten years or more of service. The accrual amount is based upon accumulated sick leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee will be paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

## **Eastland-Fairfield Career & Technical Schools**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Interfund/Internal Balances**

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “Interfund Receivable/Payable” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All unpaid reimbursements between funds are reported as “due to/from other funds.” Interfund receivables and payables within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Net Position; any residual balances outstanding between the governmental activities and business-type activities are reported as “internal balances.”

### **Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities, that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term loans, long-term notes, and capital leases are recognized as a liability on the government-wide financial statements when due.

### **Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net position invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are 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.

Net position restricted for other purposes represents balances in special revenue funds which are restricted to use per grant agreements.

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

The government-wide Statement of Net Position reports \$363,863 in restricted net position.

### **Fund Balance**

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

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

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

## **Eastland-Fairfield Career & Technical Schools**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**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.

**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. The School District does not have a formal minimum fund balance policy.

### **Interfund Transactions**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transfers within governmental activities and within business-type activities have been eliminated in the government-wide Statement of Activities.

### **Estimates**

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

### **Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the School District, these revenues are tuition for adult education classes, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues not meeting the above definition are classified as nonoperating.

### **Pensions and Other Postemployment Benefits (OPEB)**

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

## **Eastland-Fairfield Career & Technical Schools**

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

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### **3. BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues are recorded when received in cash (Budget Basis) as opposed to when susceptible to accrual (GAAP Basis).
2. Expenditures are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP Basis).
3. Encumbrances are treated as expenditures (Budget Basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$2,580,848
Adjustments:	
Revenue Accruals	(117,409)
Expenditure Accruals	(507,574)
Encumbrances	(5,971,147)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	16,335
Budget Basis	<u>(\$3,998,947)</u>

### **4. DEPOSITS AND INVESTMENTS**

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

## **Eastland-Fairfield Career & Technical Schools**

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

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### **4. DEPOSITS AND INVESTMENTS (Continued)**

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 monies may be deposited or invested in the following securities:

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited.

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

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

#### **Cash on Hand**

At fiscal year end, the School District had \$2,075 in un-deposited cash on hand which is included on the financial statements of the School District as part of "equity in pooled cash and investments."

## **Eastland-Fairfield Career & Technical Schools**

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

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### **4. DEPOSITS AND INVESTMENTS (Continued)**

#### **Deposits**

Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$450,000 of the School District's bank balance of \$700,000 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

#### **Investments**

The School District had the following investments at June 30, 2023:

	Fair Value	<1 Year	1-2 Years
STAROhio	\$ 2,789,251	\$ 2,789,251	\$ -
FHLB	368,625	-	368,625
Huntington Money Market	24,162,226	24,162,226	-
	<u>\$27,320,102</u>	<u>\$26,951,477</u>	<u>\$368,625</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. As discussed further in Note 2, STAR Ohio is reported at its share price. The Huntington U.S. Treasury Money Market Funds are valued using quoted market prices (Level 1 inputs). FHLB Notes are valued using significant other observable inputs (Level 2 inputs).

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. In accordance with the School District's policy, the School District limits their investments to commercial paper, treasury notes, U.S. government instrumentalities, and STAROhio. The School District's investments in, FHLB notes were rated AA+ by Moody's Investor Services. Standard & Poor's has assigned STAROhio and Huntington US Treasury Money Market Fund an AAA money market rating.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **4. DEPOSITS AND INVESTMENTS (Continued)**

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in repurchase agreements, certificates of deposit or within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 1.3% in FHLB notes, 88.4% in Huntington US Treasury Money Market Funds, and 10.3% in STAROhio.

Custodial credit risk - 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 does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District. The classification of cash and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Cash and cash equivalents are defined to include investments included within the School District's cash management pool and investments with an original maturity date of three months or less.

### **5. 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

	2022 Second-Half Collections		2023 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 9,644,135,070	91.72%	\$ 10,604,561,940	92.08%
Public Utility	870,627,580	8.28%	911,743,340	7.92%
Total Assessed Value	\$ 10,514,762,650	100.00%	\$ 11,516,305,280	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 2.00		\$ 2.00	

**Eastland-Fairfield Career & Technical Schools**

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

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**5. PROPERTY TAXES (Continued)**

The School District receives property taxes from Franklin, Fairfield, Licking, Hocking, Perry and Pickaway Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022 are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to a deferred inflow of resources for that portion not intended to finance current year operations.

At June 30, 2023, \$5,498,536 was available as an advance to the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue is deferred and recorded as a deferred inflow of resources.

**6. CAPITAL ASSETS**

Capital assets activity for the fiscal year ended 2023 was as follows:

	Ending Balance 6/30/2022	Additions	Deletions	Ending Balance 6/30/2023
<b>Governmental Activities</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$449,800	-	-	\$449,800
Total Capital Assets, Not Being Depreciated	<u>\$449,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$449,800</u>
<b>Capital Assets Being Depreciated</b>				
Land Improvements	133,956	752,717	-	886,673
Buildings and Improvements	60,116,758	856,818	(8,019)	60,965,557
Furniture and Equipment	7,611,316	426,290	(67,911)	7,969,695
Vehicles	149,359	277,778	-	427,137
Total Capital Assets, Being Depreciated	<u>68,011,389</u>	<u>2,313,603</u>	<u>(75,930)</u>	<u>70,249,062</u>
<b>Less accumulated Depreciation</b>				
Land Improvements	(7,973)	(31,865)	-	(39,838)
Buildings and Improvements	(31,951,057)	(1,950,274)	5,747	(33,895,584)
Furniture and Equipment	(3,701,369)	(668,319)	65,956	(4,303,732)
Vehicles	(125,513)	(20,917)	-	(146,430)
Total Accumulated Depreciation	<u>(35,785,912)</u>	<u>(2,671,375)</u>	<u>71,703</u>	<u>(38,385,584)</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<u>32,225,477</u>	<u>(357,772)</u>	<u>(4,227)</u>	<u>31,863,478</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$32,675,277</u>	<u>(\$357,772)</u>	<u>(\$4,227)</u>	<u>\$32,313,278</u>

**Eastland-Fairfield Career & Technical Schools**

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

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**6. CAPITAL ASSETS (Continued)**

	Ending Balance 6/30/2022	Additions	Deletions	Ending Balance 6/30/2023
<b>Business-Type Activities</b>				
Capital Assets, Being Depreciated				
Buildings and Improvements	\$2,987,454	\$0	\$0	2,987,454
Furniture and Equipment	286,734	52,125	0	338,859
Vehicles	0	17,723	0	17,723
Total Capital Assets, Being Depreciated	<u>\$3,274,188</u>	<u>69,848</u>	<u>0</u>	<u>\$3,344,036</u>
Less accumulated Depreciation				
Buildings and Improvements	(1,279,519)	(92,569)	0	(1,372,088)
Furniture and Equipment	(100,092)	(25,690)	0	(125,782)
Vehicles	0	(886)	0	(886)
Total Accumulated Depreciation	<u>(1,379,611)</u>	<u>(119,145)</u>	<u>0</u>	<u>(1,498,756)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,894,577</u>	<u>(49,297)</u>	<u>0</u>	<u>1,845,280</u>
Business-Type Activities Capital Assets, Net	<u><u>\$1,894,577</u></u>	<u><u>(\$49,297)</u></u>	<u><u>\$0</u></u>	<u><u>\$1,845,280</u></u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 110,719
Special	32,097
Career and Technical	1,893,066
Adult/Continuing	4,986
Other	9,997
Support Services:	
Pupils	40,506
Instructional Staff	18,639
Administration	101,400
Operation and Maintenance of Plant	403,324
Pupil Transport	1,839
Central	37,069
Non-Instructional Services	15,204
Site Improvement Services	2,529
Total Depreciation Expense	<u>\$ 2,671,375</u>

## **Eastland-Fairfield Career & Technical Schools**

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

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### **7. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with Ohio School Plan for property, liability, and fleet insurance.

Coverage provided by the Ohio School Plan is as follows:

Building and Contents (\$1,000 deductible)	\$99,641,725
Automobile Liability (\$1,000 deductible for Buses and \$500 for All Other Autos)	5,000,000
General Liability (no deductible):	
Per occurrence	5,000,000
Aggregate	7,000,000
Violence	
Per occurrence	3,000,000
Aggregate	3,000,000

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

For fiscal year 2023, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The program is administered by Anthem, which provides claims review and processing services. The School District has purchased specific stop-loss benefits covering cost above the \$75,000 individual retention mark to an unlimited lifetime reimbursement. The School District has \$5 million aggregate stop-loss coverage.

The liability for unpaid claims costs of \$612,605 reported in the internal service fund at June 30, 2023, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claim costs, including estimates of cost relating to incurred but not reported claims, be reported.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2022	538,347	2,193,704	2,208,669	523,382
2023	523,382	2,159,549	2,070,326	612,605

## **Eastland-Fairfield Career & Technical Schools**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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### **8. DEFINED BENEFIT PENSION PLANS**

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

#### **Net Pension Liability/Net OPEB Liability (Asset)**

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

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

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

GASB Statements No. 68/75 assume 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). The retirement systems may allocate a portion of the employer contributions to provide for the OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

#### **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](http://www.ohsers.org) under Employers/Audit Resources. Age and service requirements for retirement are as follows:

## **Eastland-Fairfield Career & Technical Schools**

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

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### **8. DEFINED BENEFIT PENSION PLANS (Continued)**

#### **Plan Description - School Employees Retirement System (SERS) (Continued)**

Age and service requirements for retirement are as follows:

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. In 2022, the Retirement Board approved a 0.5 percent COLA for eligible retirees and beneficiaries in 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2023.

The School District’s contractually required contribution to SERS was \$576,606 for fiscal year 2023. Of this amount \$22,175 is reported as an intergovernmental payable.

#### **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](http://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.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **8. DEFINED BENEFIT PENSION PLANS (Continued)**

#### **Plan Description - State Teachers Retirement System (STRS) (Continued)**

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 Aug. 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until Aug. 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age.

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 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 bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.**

The School District's contractually required contribution to STRS Ohio was \$1,827,570 for fiscal year 2023. Of this amount \$285,352 is reported as an intergovernmental payable.

**Eastland-Fairfield Career & Technical Schools**

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

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**8. DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0977704%	0.093467620%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.1012768%</u>	<u>0.090350887%</u>	
Change in Proportionate Share	<u>-0.0035064%</u>	<u>0.003116733%</u>	
Proportion of the Net Pension Liability	\$5,288,184	\$20,522,194	\$25,810,378
Pension Expense (Gain)	(\$74,412)	\$2,752,226	\$2,677,814

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

<b>Deferred Outflows of Resources</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Differences between expected and actual economic experience	\$214,176	\$265,985	\$480,161
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	188,245	1,311,223	1,499,468
Changes of assumptions	52,179	2,486,499	2,538,678
Differences between projected and actual investment earnings	-	723,028	723,028
School District contributions subsequent to the measurement date	<u>576,606</u>	<u>1,827,570</u>	<u>2,404,176</u>
<b>Total</b>	<b><u>\$1,031,206</u></b>	<b><u>\$6,614,305</u></b>	<b><u>\$7,645,511</u></b>
<b>Deferred Inflows of Resources</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Differences between expected and actual economic experience	\$34,716	\$79,482	\$114,198
Differences between projected and actual investment earnings	184,534	-	184,534
Changes of assumptions	-	1,871,619	1,871,619
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>64,647</u>	<u>431,444</u>	<u>496,091</u>
<b>Total</b>	<b><u>\$283,897</u></b>	<b><u>\$2,382,545</u></b>	<b><u>\$2,666,442</u></b>

\$2,404,176 reported as deferred outflows of resources related to pension resulting from the School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024.

**Eastland-Fairfield Career & Technical Schools**

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

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**8. DEFINED BENEFIT PENSION PLANS (Continued)****Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	\$76,287	\$356,361	\$432,648
2025	51,362	233,848	285,210
2026	(263,609)	(293,241)	(556,850)
2027	306,663	2,107,222	2,413,885
<b>Total</b>	<b>\$170,703</b>	<b>\$2,404,190</b>	<b>\$2,574,893</b>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

## **Eastland-Fairfield Career & Technical Schools**

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

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### **8. DEFINED BENEFIT PENSION PLANS (Continued)**

#### **Actuarial Assumptions - SERS (Continued)**

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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

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

**Discount Rate** The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The discount rate for 2021 was 7.0 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **8. DEFINED BENEFIT PENSION PLANS (Continued)**

#### **Actuarial Assumptions - SERS (Continued)**

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$7,783,954	\$5,288,184	\$3,185,531

**Assumptions and Benefit Changes Since the Prior Measurement Date** – There were no changes in assumptions or benefits since the prior measurement date.

#### **Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50 %	2.50 %
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %	12.50 % at age 20 to 2.50% at age 65
Payroll increases	3.00 %	3.00 %
COLA or Ad Hoc COLA	0.00 %	0.00 %
Discount rate of return	7.00 %	7.00 %
Investment Rate of Return	7.00 percent net of investment expenses, including inflation	7.00 percent net of investment expenses, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the June 30, 2021 actuarial valuations, 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **8. DEFINED BENEFIT PENSION PLANS (Continued)**

#### **Actuarial Assumptions – STRS (Continued)**

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

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

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

\* Target allocation percentage is effective as of July 1, 2022.

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

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

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

**Sensitivity of the 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:

	Current		
	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$31,387,948	\$20,522,194	\$11,805,213

## **Eastland-Fairfield Career & Technical Schools**

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

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### **8. DEFINED BENEFIT PENSION PLANS (Continued)**

#### **Actuarial Assumptions – STRS (Continued)**

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

### **NOTE 9 – DEFINED BENEFIT OPEB PLANS**

See Note 8 for a description of the net OPEB liability (asset).

#### **School Employees Retirement System**

**Health Care Plan Description** - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://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 2023, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$23,633.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2023. The School District's contractually required contribution to SERS was \$23,633 for fiscal year 2023. Of this amount, \$23,633 is reported as an intergovernmental payable.

**Eastland-Fairfield Career & Technical Schools**

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

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**NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)****State Teachers Retirement System of Ohio**

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

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

**Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)**

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

	SERS	STRS	Total
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0929587%	0.093467620%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	0.0945650%	0.090350887%	
Change in Proportionate Share	<u>-0.0016063%</u>	<u>0.003116733%</u>	
Proportion of the Net OPEB Liability	\$1,305,150	\$0	\$1,305,150
Proportion of the Net OPEB (Asset)	\$0	\$2,420,188	\$2,420,188
OPEB Expense (Gain)	(\$183,785)	(\$421,293)	(\$605,078)

**Eastland-Fairfield Career & Technical Schools**

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

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**NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)**

**Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (Continued)**

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

<b>Deferred Outflows of Resources</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Differences between expected and actual economic experience	\$10,972	\$35,084	\$46,056
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	18,847	52,329	71,176
Changes of assumptions	207,601	103,092	310,693
Differences between projected and actual investment earnings	6,784	42,130	48,914
School District contributions subsequent to the measurement date	23,633	-	23,633
<b>Total</b>	<b>\$267,837</b>	<b>\$232,635</b>	<b>\$500,472</b>
<b>Deferred Inflows of Resources</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
Differences between expected and actual economic experience	\$834,869	\$363,466	\$1,198,335
Differences between projected and actual investment earnings	-	0	0
Changes of assumptions	535,774	1,716,146	2,251,920
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	137,260	10,432	147,692
<b>Total</b>	<b>\$1,507,903</b>	<b>\$2,090,044</b>	<b>\$3,597,947</b>

\$23,633 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(\$290,449)	(\$540,248)	(\$830,697)
2025	(287,001)	(526,034)	(813,035)
2026	(249,830)	(254,819)	(504,649)
2027	(164,338)	(107,592)	(271,930)
2028	(109,788)	(141,554)	(251,342)
Thereafter	(162,293)	(287,162)	(449,455)
<b>Total</b>	<b>(\$1,263,699)</b>	<b>(\$1,857,409)</b>	<b>(\$3,121,108)</b>

## **Eastland-Fairfield Career & Technical Schools**

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

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### **NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)**

#### **Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of system expenses	7.00 percent net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Municipal Bond Index Rate:	3.69 %	1.92 %
Single Equivalent Interest Rate, Net of Plan Investment Expense, Including Price Inflation	4.08 %	2.27 %
Medical Trend Assumption	7.00 to 4.40 %	
Medicare	5.125 to 4.400 %	5.125 to 4.400 %
Pre-Medicare	6.750 to 4.400 %	6.750 to 4.400 %

For 2022 and 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

**Eastland-Fairfield Career & Technical Schools**

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

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**NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)****Actuarial Assumptions – SERS (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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:

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

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

## Eastland-Fairfield Career & Technical Schools

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

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### **NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)**

#### **Actuarial Assumptions – SERS (Continued)**

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

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$1,621,016	\$1,305,150	\$1,050,160

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB liability	\$1,006,505	\$1,305,150	\$1,695,229

#### **Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50 %		2.50 %	
Projected Salary Increases	Varies by service from 2.5 % to 8.50 %		12.50 % at age 20 to 2.50% at age 65	
Payroll increases	3.00 %		3.00 %	
Cost-of-living adjustments (COLA)	0.00 %		0.00 %	
Discount rate of return	7.00 %		7.00 %	
Investment Rate of Return	7.00 percent net of investment expenses, including inflation		7.00 percent net of investment expenses, including inflation	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

## **Eastland-Fairfield Career & Technical Schools**

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

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### **NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)**

#### **Actuarial Assumptions – STRS (Continued)**

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the June 30, 2021 actuarial valuations, 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP- 2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

\* Target allocation percentage is effective as of July 1, 2022.

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022 and was 7.45% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **NOTE 9 – DEFINED BENEFIT OPEB PLANS (Continued)**

#### **Actuarial Assumptions – STRS (Continued)**

**Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The following table represents the net OPEB liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OEPB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB (asset) liability 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 in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
School District's proportionate share of the net OPEB (asset) liability	(\$2,237,400)	(\$2,420,188)	(\$2,576,761)
	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset) liability	(\$2,510,323)	(\$2,420,188)	(\$2,306,414)

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

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

## **10. EMPLOYEE BENEFITS**

### **Compensated Absences**

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made for 29 percent of their accrued, but unused sick leave credit to a maximum of 45 to 75 days depending on the employee's years of service.

### **Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. Medical and dental insurance is provided by the School District to all employees through a self-insurance program.

**Eastland-Fairfield Career & Technical Schools**

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

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**11. LONG-TERM DEBT AND OTHER OBLIGATIONS**

<i>Governmental Activities:</i>	Ending Balance 6/30/2022	Additions	Deductions	Ending Balance 6/30/2023	Due within One Year
<b>Net Pension Liability:</b>					
STRS	10,976,875	8,851,543	-	19,828,418	-
SERS	3,591,831	1,445,693	-	5,037,524	-
Total Net Pension Liability	14,568,706	10,297,236	-	24,865,942	-
<b>Net OPEB Liability:</b>					
STRS	-	-	-	-	*
SERS	1,720,279	-	476,993	1,243,286	-
Total Net OPEB Liability	1,720,279	-	476,993	1,243,286	-
Compensated Absences	1,543,821	1,306,595	1,322,452	1,527,964	917,941
<i>Total Governmental Activities</i>	<u>\$ 17,832,806</u>	<u>\$ 11,603,831</u>	<u>\$ 1,799,445</u>	<u>\$ 27,637,192</u>	<u>\$ 917,941</u>
 <i>Business-Type Activities:</i>					
	Principal Outstanding 6/30/2022	Additions	Deductions	Principal Outstanding 6/30/2023	Due within One Year
<b>Net Pension Liability:</b>					
STRS	\$ 575,298	\$ 374,255	\$ -	\$ 949,553.00	\$ -
SERS	144,989	105,671	-	250,660	-
Total Net Pension Liability	720,287	479,926	-	1,200,213	-
<b>Net OPEB Liability:</b>					
STRS	-	-	-	-	*
SERS	69,441	-	7,577	61,864	-
Total Net OPEB Liability	69,441	-	7,577	61,864	-
Compensated Absences	75,422	31,900	70,017	37,305	31,571
<i>Total Business-Type Activities</i>	<u>\$ 865,150</u>	<u>\$ 511,826</u>	<u>\$ 77,594</u>	<u>\$ 1,299,382</u>	<u>\$ 31,571</u>

\*As of June 30, 2023 OPEB for STRS has a NET OPEB asset in the amount of \$2,309,585 and \$110,603 for governmental activities and business-type activities, respectively.

**Eastland-Fairfield Career & Technical Schools***Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2023***11. LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)**

Compensated absences will be paid from the fund from which employees' salaries are paid with the significant funds being the General Fund and the Adult Education Fund.

The School District's overall legal debt margin was \$1,036,467,475 with an un-voted debt margin of \$11,516,305.

**12. INTERFUND ACTIVITY****Interfund Transfers**

Transfers made during the year ended June 30, 2023, were as follows:

Fund	Transfer From	Transfer To
<i>Major Governmental Funds</i>		
General	\$2,100,000	\$-
Capital Projects		2,000,000
<i>Non-Major Fund</i>		
Food Service	-	100,000
Total Non-Major Fund	-	100,000
Total	<u>\$2,100,000</u>	<u>\$2,100,000</u>

Transfers were made from the General Fund to move unrestricted balances to pay debt and to support programs and projects accounted for in other funds.

**Eastland-Fairfield Career & Technical Schools**

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

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**12. INTERFUND ACTIVITY (Continued)****Interfund Balances**

Interfund balances at June 30, 2023, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2024 fiscal year:

	Interfund Receivables	Interfund Payables
Major Fund:		
General	\$920,521	\$-
Non Major Special Revenue Funds:		
Food Service	-	330,200
ABLE Grant	-	83,560
ASCENT Scholarship Grant	-	25,000
Cares GEERS	-	19,991
Secondary and Adult Perkins Grant	-	270,770
Total Non Major Special Revenue Funds	<u><u>-</u></u>	<u><u>729,521</u></u>
Business Type Activities:		
Adult Education	-	191,000
Total All Funds	<u><u>\$920,521</u></u>	<u><u>\$920,521</u></u>

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds and the School District's food service operations. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

**13. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Maintenance
Set-aside Cash Balance as of June 30, 2022	\$0
Current year set-aside requirement	320,053
Qualifying disbursements	<u>(320,053)</u>
Set-aside Reserve Balance as of June 30, 2023	<u><u>\$0</u></u>

The School District had qualifying disbursements during the year that reduced the set-aside amount below zero in the Capital Acquisition Reserves. The excess amount in the Capital Maintenance Reserve may not be carried forward.

## **Eastland-Fairfield Career & Technical Schools**

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

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### **14. CONTINGENT LIABILITIES**

#### A. 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

#### B. Litigation

The School District is not party to any legal proceedings.

#### C. Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, an ODE adjustment for fiscal year 2023 was finalized and determined to not be significant, therefore the adjustment was not recorded in the accompanying financial statements.

### **15. INSURANCE PURCHASING POOL**

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

### **16. RECEIVABLES**

Receivables at June 30, 2023, consisted of property taxes, interfund, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

#### *Governmental Activities*

##### *Major Fund:*

General	\$ 71,225
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##### *Non-Major Funds:*

Able Instructional	83,561
Carl D. Perkins Secondary	270,770
ASCENT Scholarship Grant	25,000
Cares GEERS	19,991
Total Non-Major Funds	<u>399,322</u>
Total	<u>\$ 470,547</u>

**Eastland-Fairfield Career & Technical Schools**

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

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**17. JOINTLY GOVERNED ORGANIZATION**

*Metropolitan Educational Technology Association* - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

**18. FUND BALANCES**

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

Fund Balances	General	Capital Projects	Nonmajor	Total
			Governmental Funds	Governmental Funds
<b>Nonspendable</b>				
Prepays	\$193,644	\$0	\$2,039	\$195,683
<b>Restricted for</b>				
Other Purposes	\$ -	\$ -	\$ 301,249	\$ 301,249
Total Restricted	<u>-</u>	<u>-</u>	<u>301,249</u>	<u>301,249</u>
<b>Committed to</b>				
Board-Approved Projects	<u>-</u>	<u>4,212,761</u>	<u>-</u>	<u>4,212,761</u>
<b>Assigned to</b>				
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FY2024 Appropriations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Encumbrances	<u>5,872,220</u>	<u>-</u>	<u>-</u>	<u>5,872,220</u>
Total Assigned	<u>5,872,220</u>	<u>-</u>	<u>-</u>	<u>5,872,220</u>
<b>Unassigned (Deficit)</b>				
	<u>20,133,766</u>	<u>-</u>	<u>(599,544)</u>	<u>19,534,222</u>
Total Fund Balances	<u>\$26,199,630</u>	<u>\$4,212,761</u>	<u>(\$296,256)</u>	<u>\$30,116,135</u>

## **Eastland-Fairfield Career & Technical Schools**

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

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### **19. COMMITMENTS**

#### A. Contractual

As of June 30, 2023, the School District's contractual purchase commitments from the General and School Safety Grant Funds are as follows:

Vendor	Contract Amount	Amount Expended	Balance at 06/30/2023
Columbus Building Services	\$110,000	\$ -	\$110,000
Thomas Door	185,919	- -	185,919
Columbus Sign	300,000	80,000	220,000
Schoor Architects	333,000	236,306	96,694
H&A Mechanical Inc	711,000	- -	711,000
Pepper Construction	3,790,000	- -	3,790,000
Total	<u>\$5,429,919</u>	<u>\$316,306</u>	<u>\$5,113,613</u>

#### B. Encumbrances

At June 30, 2023, the School District had significant encumbrance commitments in the following governmental funds:

Fund	Amount
Major Fund:	
General	\$ 5,971,147
Total Encumbrances	<u>\$ 5,971,147</u>

### **NOTE 20 – NEW ACCOUNTING PRINCIPLES**

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

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines

**Eastland-Fairfield Career & Technical Schools**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2023*

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**NOTE 20 – NEW ACCOUNTING PRINCIPLES (Continued)**

a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

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

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

**21. ACCOUNTABILITY**

At June 30, 2023, the Food Service and Perkins Grant had fund balance deficits of \$322,310 and \$277,234, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**22. COVID-19**

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

**Eastland-Fairfield Career and Technology Center**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Ten Years*

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	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0977704%	0.1012768%	0.1039023%	0.1024527%	0.1044118%	0.1034856%	0.1113124%	0.1147886%	0.1195010%	0.1195010%
School District's proportionate share of the net pension liability	\$ 5,288,184	\$ 3,736,820	\$ 6,872,317	\$ 6,129,925	\$ 5,979,857	\$ 6,183,036	\$ 8,147,041	\$ 6,549,949	\$ 6,047,878	\$ 7,106,341
School District's covered payroll	\$ 3,760,864	\$ 3,642,629	\$ 3,768,564	\$ 3,603,933	\$ 3,360,296	\$ 3,469,593	\$ 3,491,869	\$ 3,286,089	\$ 3,651,624	\$ 3,545,708
School District's proportionate share of the net pension liability as a percentage of its covered payroll	140.61%	102.59%	182.36%	170.09%	177.96%	178.21%	233.31%	199.32%	165.62%	200.42%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career and Technology Center**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.093467620%	0.09035089%	0.08761412%	0.08503070%	0.08369402%	0.08087325%	0.08162795%	0.08540911%	0.08454982%	0.08454982%
School District's proportionate share of the net pension liability	\$ 20,522,194	\$ 11,552,173	\$ 21,199,500	\$ 18,804,028	\$ 18,402,436	\$ 19,211,614	\$ 27,323,335	\$ 23,604,580	\$ 20,565,442	\$ 24,497,420
School District's covered payroll	\$ 12,151,236	\$ 11,148,707	\$ 10,701,807	\$ 10,108,214	\$ 9,632,836	\$ 8,891,021	\$ 8,588,829	\$ 8,911,007	\$ 8,638,923	\$ 9,478,638
School District's proportionate share of the net pension liability as a percentage of its covered payroll	168.89%	103.62%	198.09%	186.03%	191.04%	216.08%	318.13%	264.89%	238.06%	258.45%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%	69.30%

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career and Technology Center**  
*Required Supplementary Information*  
*Schedule of School District Pension Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Years*

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	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 576,606	\$ 526,521	\$ 509,968	\$ 527,599	\$ 504,543	\$ 453,640	\$ 485,743	\$ 483,973	\$ 455,452	\$ 481,284
Contributions in relation to the contractually required contribution	(576,606)	(526,521)	(509,968)	(527,599)	(504,543)	(453,640)	(485,743)	(483,973)	(455,452)	(481,284)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District's covered payroll	\$ 4,118,614	\$ 3,760,864	\$ 3,642,629	\$ 3,768,564	\$ 3,603,933	\$ 3,360,296	\$ 3,469,593	\$ 3,491,869	\$ 3,286,089	\$ 3,651,624
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	14.00%	13.86%	13.86%	13.18%

See accompanying notes to the required supplementary information

**Eastland-Fairfield Career and Technology Center**

*Required Supplementary Information*

*Schedule of School District Pension Contributions*

*State Teachers Retirement System of Ohio*

*Last Ten Years*

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	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 1,827,570	\$ 1,701,173	\$ 1,560,819	\$ 1,498,253	\$ 1,415,150	\$ 1,348,597	\$ 1,244,743	\$ 1,202,436	\$ 1,247,541	\$ 1,123,060
Contributions in relation to the contractually required contribution	(1,827,570)	(1,701,173)	(1,560,819)	(1,498,253)	(1,415,150)	(1,348,597)	(1,244,743)	(1,202,436)	(1,247,541)	(1,123,060)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District covered payroll	\$ 13,054,071	\$ 12,151,236	\$ 11,148,707	\$ 10,701,807	\$ 10,108,214	\$ 9,632,836	\$ 8,891,021	\$ 8,588,829	\$ 8,911,007	\$ 8,638,923
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career and Technology Center**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Seven Years (I)*

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	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
School District's proportion of the net OPEB liability	0.0929587%	0.0945650%	0.0978398%	0.0962252%	0.0985624%	0.0990281%	0.1057006%
School District's proportionate share of the net OPEB liability	\$ 1,305,150	\$ 1,789,720	\$ 2,126,379	\$ 2,419,861	\$ 2,734,387	\$ 2,657,654	\$ 3,012,858
School District's covered payroll	\$ 3,760,864	\$ 3,642,629	\$ 3,768,564	\$ 3,603,933	\$ 3,360,296	\$ 3,469,593	\$ 3,491,869
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.70%	49.13%	56.42%	67.15%	81.37%	76.60%	86.28%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2016 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career and Technology Center**

*Required Supplementary Information*

*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*

*State Teachers Retirement System of Ohio*

*Last Seven Years (1)*

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
School District's proportion of the net OPEB liability (asset)	0.093467620%	0.09035089%	0.08761412%	0.08503070%	0.08369402%	0.08087325%	0.08162795%
School District's proportionate share of the net OPEB liability (asset)	\$ (2,420,188)	\$ (1,904,974)	\$ (1,539,816)	\$ (1,408,312)	\$ (1,344,878)	\$ 3,155,376	\$ 4,365,484
School District's covered payroll	\$ 12,151,236	\$ 11,148,707	\$ 10,701,807	\$ 10,108,214	\$ 9,632,836	\$ 8,891,021	\$ 8,588,829
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-19.92%	-17.09%	-14.39%	-13.93%	-13.96%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2016 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career and Technology Center**  
*Required Supplementary Information*  
*Schedule of School District OPEB Contributions*  
*School Employees Retirement System of Ohio*  
*Last Eight Years (I)*

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	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$ 23,633	\$ 24,841	\$ 15,203	\$ 15,654	\$ 35,650	\$ 45,078	\$ 26,285	\$ -
Contributions in relation to the contractually required contribution	<u>(23,633)</u>	<u>(24,841)</u>	<u>(15,203)</u>	<u>(15,654)</u>	<u>(35,650)</u>	<u>(45,078)</u>	<u>(26,285)</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>						
School District's covered payroll	\$ 4,118,614	\$ 3,760,864	\$ 3,642,629	\$ 3,768,564	\$ 3,603,933	\$ 3,360,296	\$ 3,469,593	\$ 3,491,869
Contributions as a percentage of covered employee payroll	0.57%	0.66%	0.42%	0.42%	0.99%	1.34%	0.76%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career and Technology Center**  
*Required Supplementary Information*  
*Schedule of School District OPEB Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Eight Years (I)*

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	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
School District covered payroll	\$ 13,054,071	\$ 12,151,236	\$ 11,148,707	\$ 10,701,807	\$ 10,108,214	\$ 9,632,836	\$ 8,891,021	\$ 8,588,829
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

**Eastland-Fairfield Career & Technical Schools**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**Pension**

**School Employees Retirement System (SERS)**

Changes in benefit terms

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Eastland-Fairfield Career & Technical Schools**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**Pension (continued)**

**State Teachers Retirement System (STRS)**

Changes in benefit terms

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023: The following change of assumptions affected the total pension liability since the prior measurement date:

- (1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.45% to 7.00%,
- (2) The discount rate of return was reduced from 7.45% to 7.00%,

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**OPEB**

**School Employees Retirement System (SERS)**

Changes in benefit terms

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2023 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The municipal bond index rate went from 1.92% to 3.69%
- (2) The single equivalent interest rate when from 2.27% to 4.08% medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare

**Eastland-Fairfield Career & Technical Schools**

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2023*

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**OPEB (continued)**

**School Employees Retirement System (SERS) (continued)**

**Changes in assumptions (continued)**

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Wage inflation decreased from 3.00% to 2.40%
- (2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
- (3) Investment rate of return decreased from 7.50% to 7.00%
- (4) The discount rate decreased from 7.50% to 7.00%
- (5) Municipal Bond Index Rate:

Prior Measurement Date	2.45%
Measurement Date	1.92%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (7) Mortality tables changes from the RP=2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below median Health Retiree mortality table.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.22% to 2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.70% to 3.22%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The discount rate was changed from 3.63% to 3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

**Eastland-Fairfield Career & Technical Schools**

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2023*

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**OPEB (continued)**

**School Employees Retirement System (SERS) (continued)**

**Changes in assumptions (continued)**

- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:  
Fiscal Year 2018 3.63%  
Fiscal Year 2017 2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in benefit terms**

2023: There were no changes in benefit terms from the amounts reported for this fiscal year.

2022: There was no change to the claims costs process. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. 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.

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

**Eastland-Fairfield Career & Technical Schools**

*Notes to the Required Supplementary Information*

*For the Fiscal Year Ended June 30, 2023*

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**OPEB (continued)**

**State Teachers Retirement System (STRS) (Continued)**

Changes in benefit terms (continued)

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2023: The projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50%. The health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

2022: The long-term expected rate of return was reduced from 7.45% to 7.00%. The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year. The health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

2021: The health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

2020: The health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS  
FRANKLIN COUNTY**

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

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Custer:			
School Breakfast Program	10.553	N/A	\$ 27,556
COVID-19 National School Lunch Program	10.555	N/A	14,909
National School Lunch Program	10.555	N/A	156,902
Total Child Nutrition Cluster:			<u>199,367</u>
Total U.S. Department of Agriculture			<u>199,367</u>
<b>U.S DEPARTMENT OF TREASURY</b>			
<i>Passed Through Office of Budget and Management</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	<u>4,202</u>
Total U.S. Department of Treasury			<u>4,202</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Adult Education - Basic Grants to States	84.002A	N/A	365,186
Career and Technical Education - Basic Grants to States	84.048A	N/A	1,097,869
COVID-19 Education Stabilization Fund	84.425C	N/A	252,399
Total U.S. Department of Education			<u>1,715,454</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Program</i>			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	N/A	140,844
Federal Direct Student Loans	84.268	N/A	207,540
Total Student Financial Assistance Cluster:			<u>348,384</u>
Total U.S. Department of Education - Direct Programs			<u>348,384</u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$2,267,407</b></u>

*The accompanying notes are an integral part of this schedule.*

**EASTLAND-FAIRFIELD CAREER & TECHNICAL SCHOOLS  
FRANKLIN COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – SUBRECIPIENTS**

The School District did not provide funds to subrecipients during the audit period.

**NOTE E – CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

The School District did not receive donated food commodities during the audit period.

**NOTE G – FEDERAL DIRECT STUDENT LOANS**

The School District participates in the Federal Direct Student Loan Program. The dollar amounts listed in the schedule of federal awards expenditures represents new loans advanced during the fiscal year ended June 30, 2023. The School District originates the loans which are then funded through the U.S. Department of Education; however, they are not responsible for collecting these loans in future periods.

**NOTE H – MATCHING REQUIREMENTS**

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

Eastland-Fairfield Career & Technical Schools  
Franklin County  
Notes to the Schedule of Expenditures of Federal Awards  
Page 2

**NOTE I – TRANSFERS BETWEEN PROGRAM YEARS**

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

<b>Program Title</b>	<b>AL Number</b>	<b>Amt. Transferred</b>
Adult Education - Basic Grants to States	84.002	\$ 19,753

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

Eastland-Fairfield Career and Technical Schools  
Franklin County  
4300 Amalgamated Place  
Groveport, Ohio 43125

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Eastland-Fairfield Career and Technical Schools, Franklin County, (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 3, 2024.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Eastland-Fairfield Career and Technical Schools  
Franklin County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

January 3, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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

Eastland-Fairfield Career and Technical Schools  
Franklin County  
4300 Amalgamated Place  
Groveport, Ohio 43125

To the Board of Education:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Eastland-Fairfield Career and Technical Schools', Franklin County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Eastland-Fairfield Career and Technical Schools' major federal program for the year ended June 30, 2023. Eastland-Fairfield Career and Technical Schools' major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Eastland-Fairfield Career and Technical Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

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

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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 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.

Eastland-Fairfield Career and Technical Schools  
Franklin County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to the Major Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance  
Page 3

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

January 3, 2024

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**EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS  
FRANKLIN COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Assistance Listing # 84.048A – Career and Technical Education
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

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# OHIO AUDITOR OF STATE KEITH FABER



EASTLAND-FAIRFIELD CAREER AND TECHNICAL SCHOOLS

FRANKLIN 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 1/23/2024

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)