



OHIO AUDITOR OF STATE  
**KEITH FABER**





**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY  
JUNE 30, 2023**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Jackson City School District  
Jackson County  
450 Vaughn Street  
Jackson, Ohio 45640

To the Board of Education:

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

#### ***Opinions***

We have audited the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson City School District, Jackson County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 modified cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in modified cash-basis financial position and the budgetary comparison for the General, Jones Trust and Columbus Foundation Funds for the year then ended in accordance with the modified cash-basis of accounting described in Note 2.

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

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

#### ***Emphasis of Matter - Accounting Basis***

Ohio Administrative Code 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

**Supplementary Information**

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards (the Schedule) 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 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 to 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, this Schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Information**

We applied no procedures to Management's Discussion and Analysis as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on it.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

October 10, 2024

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**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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The discussion and analysis of the Jackson City School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

**Financial Highlights**

- < Total net cash position of the District at June 30, 2023 is \$15,843,242. This balance was comprised of a \$9,393,843 balance in net position amounts restricted for specific purposes and a balance of \$6,449,399 in unrestricted net position.
- < In total, net cash position of governmental activities decreased by \$784,131, which represents a 4.72 percent decrease from 2022.
- < General receipts accounted for \$26,709,700 or 79.76 percent of all receipts of governmental activities. Program specific receipts in the form of charges for services and sales, operating grants and contributions and capital grants and contributions accounted for \$6,778,622 or 20.24 percent of total receipts of \$33,488,322 for the governmental activities.
- < The District had \$34,272,453 in disbursements related to governmental activities; only \$6,778,622 of these disbursements were offset by program specific charges for services and sales, operating grants or contributions, or capital grants and contributions. General receipts (primarily taxes, grants, and entitlements) of \$26,709,700 were used to provide for the remainder of these programs.
- < The District recognizes four major governmental funds: the General, Bond Retirement, Jones Trust and Columbus Foundation Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$24,843,522 in receipts and \$25,556,759 in disbursements in fiscal year 2023.

**Using this Annual Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, as applicable to the District's modified cash basis of accounting, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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**Reporting the District as a Whole**

**Government-Wide Financial Statements – Modified Cash Basis**

The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and present all cash activity of the District, excluding that of the fiduciary funds. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on all of the District's cash and net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the District's net cash position changed during the recent fiscal year. All changes in net cash position are reported as cash is received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services, operation of non-instructional services, and extracurricular activities. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Bond Retirement, Jones Trust and Columbus Foundation Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and fiduciary funds.

**Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on individually significant funds (major funds) with all others combined into one column. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using the modified cash basis of accounting.

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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**Fiduciary Funds**

The District's fiduciary fund is a private purpose trust fund. We exclude these activities from the District's other financial statements because the District cannot use these cash assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Fiduciary funds use the modified cash basis of accounting.

**Notes to the Basic Financial Statements**

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

**Government-Wide Financial Analysis**

Recall that the statement of net cash position provides the perspective of the District as a whole, showing cash and net cash position. Table 1 provides a summary of the District's net cash position for 2023 compared to fiscal year 2022:

Table 1  
**Net Cash Position**

	Governmental Activities	
	2023	2022
<b><u>Cash Assets:</u></b>		
Cash and Cash Equivalents	\$ 15,843,242	\$ 16,627,373
<i>Total Cash Assets</i>	15,843,242	16,627,373
<b><u>Net Cash Position:</u></b>		
Restricted	9,393,843	9,217,278
Unrestricted	6,449,399	7,410,095
<i>Total Net Cash Position</i>	\$ 15,843,242	\$ 16,627,373

Total Cash and Cash Equivalents decreased \$784,131 from fiscal year 2022. The primary reason for the decrease is due to General Fund expenditures exceeding receipts in 2023.

The District's largest portion of net position is restricted. The restricted net cash position is subject to external restrictions on how they may be used.

The remaining balance of \$6,449,399 is unrestricted net cash position. Unrestricted net cash position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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Table 2 shows the changes in net cash position for fiscal year 2023 and provides a comparison to fiscal year 2022.

Table 2  
**Changes in Net Cash Position**

	<b>Governmental Activities</b>	
	2023	2022
<b><u>Receipts:</u></b>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,328,384	\$1,488,417
Operating Grants and Contributions	5,450,238	6,119,727
Capital Grants and Contributions	0	25,772
<i>General Receipts:</i>		
Property Taxes	9,228,152	8,444,388
Unrestricted Grants and Entitlements	17,153,359	16,720,278
Investment Earnings	195,389	(136,680)
Proceeds from Sale of Capital Assets	10,000	0
Insurance Recoveries	11,480	0
Miscellaneous	111,320	53,323
<i>Total Receipts</i>	33,488,322	32,715,225

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)

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Table 2 - (Continued)  
**Changes in Net Cash Position**

	<b>Governmental Activities</b>	
<b><u>Disbursements:</u></b>		
<i>Program Disbursements:</i>		
<i>Instruction:</i>		
Regular	11,613,331	11,755,500
Special	7,331,161	7,754,676
Vocational	6,087	0
Student Intervention Services	180,761	263,996
Other	149,007	155,793
<i>Support Services:</i>		
Pupils	1,006,358	922,590
Instructional Staff	726,407	630,812
Board of Education	159,583	167,689
Administration	2,216,370	2,225,716
Fiscal	1,184,495	1,096,949
Business	1,868	131,060
Operation and Maintenance of Plant	3,275,999	3,572,600
Pupil Transportation	1,948,851	1,961,949
Central	23,853	30,361
<i>Operation of Non-Instructional Services:</i>		
Food Services	1,524,014	1,698,232
Community Services	169,048	0
Extracurricular Activities	1,177,912	951,844
Capital Outlay	363,166	0
<i>Debt Service:</i>		
Principal	1,067,000	996,000
Interest and Fiscal Charges	147,182	268,688
CAB Accretion	0	0
<i>Total Disbursements</i>	34,272,453	34,584,455
<i>Change in Net Cash Position</i>	(784,131)	(1,869,230)
Net Position at Beginning of Year	16,627,373	18,496,603
Net Position at End of Year	\$15,843,242	\$16,627,373

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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The most significant governmental activities program disbursements for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration and Pupil Transportation. These programs account for 77 percent of the total governmental activities. Regular Instruction, which accounts for 33.89 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 21.39 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 9.56 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 6.47 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Pupil Transportation, which represents 5.69 percent of the total cost, represents costs associated with transporting students to and from school, as well as to activities.

As noted previously, the net cash position for the governmental activities decreased \$784,131 or 4.72 percent. This is a change from last year when net position decreased \$1,869,230 or 10.11 percent. For the governmental activities, total receipts increased \$773,097 or 2.36 percent from last year and disbursements decreased \$312,002 or 0.90 percent from last year.

The District's governmental activities had a decrease in program receipts of \$855,294, and an increase in general receipts of \$1,628,391. The increase in general receipts is primarily due to increases in property taxes and grants and entitlements not restricted to specific programs.

The total disbursements for governmental activities decreased primarily from a decrease of \$423,515 in special instruction.

The majority of the funding for the most significant programs indicated above is from property taxes and unrestricted grants and entitlements. Property taxes and unrestricted grants and entitlements account for 78.78 percent of total receipts for governmental activities.

### **Governmental Activities**

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 27.56 percent and intergovernmental receipts made up 67.50 percent of the total receipts for the governmental activities in fiscal year 2023.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely because of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

Instruction accounts for 56.26 percent of governmental activities program disbursements. Support services disbursements make up 30.76 percent of governmental activities program disbursements. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

Table 3 shows, the total cost of services and the net cost of services for fiscal year 2023 and comparison to fiscal year 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
**Net Cost of Activities**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
<b><i>Program Disbursements:</i></b>				
<i>Governmental Activities:</i>				
Instruction	\$19,280,347	\$19,929,965	\$15,455,359	\$15,394,485
Support Services	10,543,784	10,739,726	9,622,102	9,869,337
Operation of Non-Instructional Services	1,693,062	1,698,232	305,763	(209,872)
Extracurricular Activities	1,177,912	951,844	727,647	631,901
Capital Outlay	363,166	0	168,778	0
Principal Retirement	1,067,000	996,000	1,067,000	996,000
Interest and Fiscal Charges	147,182	268,688	147,182	268,688
Total Disbursements	\$34,272,453	\$34,584,455	\$27,493,831	\$26,950,539

**The District's Funds**

The District's governmental funds are accounted for using the modified cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts of \$33,466,842 and disbursements of \$34,272,453.

The total fund balance of governmental funds decreased by \$784,131. The decrease in fund balance for the year was most significant in the General Fund where the fund balance decreased \$868,125, due to disbursements exceeding receipts during the year.

**Budget Highlights - General Fund**

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

During the course of fiscal year 2023, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

**JACKSON CITY SCHOOL DISTRICT**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2023*  
*(Unaudited)*

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For the General Fund, the final budget basis receipts were \$24,899,962 representing a \$539,749 increase from the original budget estimates of \$24,360,213. In addition, the final budget basis disbursements were \$26,170,092 and reflects a \$3,092,741 decrease from the original budget estimates of \$29,262,833.

**Debt Administration**

At June 30, 2023, the District had \$5,745,000 in general obligation debt outstanding with \$1,068,000 due within one year. Table 4 summarizes the general obligation debt outstanding for fiscal year 2023 compared to fiscal year 2022.

Table 4  
**Outstanding Debt, Governmental Activities at Year End**

Purpose	Governmental Activities	
	2023	2022
2022 Classroom Facilities Refunding Bonds	\$3,181,000	\$4,185,000
2015 Classroom Facilities Refunding Bonds	2,395,000	2,405,000
2013 Energy Conservation Refunding Bonds	169,000	222,000
Total General Obligation Debt	\$5,745,000	\$6,812,000

More detailed information pertaining to the District's long-term debt activity can be found in Note 15 of the notes to the basic financial statements.

**Current Issues**

The District has engaged Energy Optimizers USA to do an energy Conservation Project which is being funded with a lease purchase issuance in the amount of \$700,000 to be completed during fiscal year 2024. The savings from the energy project are intended to pay for the lease purchase debt obligation over a 10 year term.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Teresa McGinnis, Treasurer of Jackson City School Board of Education, 450 Vaughn Street, Jackson, Ohio 45640.



**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Net Position - Modified Cash Basis*  
*June 30, 2023*

	Governmental Activities
<b><u>Cash Assets:</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$13,984,390
Cash and Cash Equivalents with Fiscal Agent	1,858,852
<i>Total Assets</i>	15,843,242
<b><u>Net Cash Position:</u></b>	
<i>Restricted for:</i>	
Local Grant Programs	34,134
State Grant Programs	708,032
Federal Grant Programs	36,000
Food Service Operations	207,040
Music and Athletic Programs	110,722
Student Enrichment Programs	370,794
Elementary Student Development Programs	2,528,024
Debt Service	2,172,698
Capital Improvements	891,169
Classroom Facilities	232,839
Student Field of Interest Activities	1,858,852
<i>Endowments:</i>	
Expendable	78,063
Nonexpendable	165,476
Unrestricted	6,449,399
<i>Total Net Cash Position</i>	\$15,843,242

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Activities - Modified Cash Basis*  
*For the Fiscal Year Ended June 30, 2023*

	Cash Disbursements	Program Cash Receipts		Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b><u>Governmental Activities:</u></b>				
<i>Instruction:</i>				
Regular	\$11,613,331	\$355,754	\$1,494,115	(\$9,763,462)
Special	7,331,161	0	1,642,528	(5,688,633)
Vocational	6,087	0	0	(6,087)
Student Intervention Services	180,761	0	182,308	1,547
Other	149,007	0	150,283	1,276
<i>Support Services:</i>				
Pupils	1,006,358	0	203,391	(802,967)
Instructional Staff	726,407	0	311,828	(414,579)
Board of Education	159,583	0	0	(159,583)
Administration	2,216,370	0	24,986	(2,191,384)
Fiscal	1,184,495	0	64,879	(1,119,616)
Business	1,868	0	0	(1,868)
Operation and Maintenance of Plant	3,275,999	12,485	166,942	(3,096,572)
Pupil Transportation	1,948,851	0	134,821	(1,814,030)
Central	23,853	0	2,350	(21,503)
<i>Operation of Non-Instructional Services:</i>				
Food Service	1,524,014	424,057	760,383	(339,574)
Community Services	169,048	123,159	79,700	33,811
Extracurricular Activities	1,177,912	412,929	37,336	(727,647)
Capital Outlay	363,166	0	194,388	(168,778)
<i>Debt Service:</i>				
Principal	1,067,000	0	0	(1,067,000)
Interest and Fiscal Charges	147,182	0	0	(147,182)
<b>Total Governmental Activities</b>	<b>\$34,272,453</b>	<b>\$1,328,384</b>	<b>\$5,450,238</b>	<b>(27,493,831)</b>
<b><u>General Cash Receipts:</u></b>				
<i>Property Taxes Levied for:</i>				
General Purposes				7,222,888
Debt Service				1,224,339
Capital Outlay				780,925
Grants and Entitlements not Restricted to Specific Programs				17,153,359
Investment Earnings				195,389
Proceeds from Sale of Capital Assets				10,000
Insurance Recoveries				11,480
Miscellaneous				111,320
<b>Total General Cash Receipts</b>				<b>26,709,700</b>
Changes in Net Cash Position				(784,131)
<i>Net Cash Position at Beginning of Year</i>				<u>16,627,373</u>
<i>Net Cash Position at End of Year</i>				<u><u>\$15,843,242</u></u>

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Assets and Fund Balances- Modified Cash Basis*  
*Governmental Funds*  
*June 30, 2023*

	General	Bond Retirement	Jones Trust	Columbus Foundation	Other Governmental Funds	Total Governmental Funds
<b><u>Cash Assets:</u></b>						
Equity in Pooled Cash and Cash Equivalents	\$5,947,232	\$2,172,698	\$2,528,024	\$0	\$3,336,436	\$13,984,390
<i>Restricted Cash Assets:</i>						
Equity in Pooled Cash and Cash Equivalents	0	0	0	1,858,852	0	1,858,852
<i>Total Cash Assets</i>	<u>\$5,947,232</u>	<u>\$2,172,698</u>	<u>\$2,528,024</u>	<u>\$1,858,852</u>	<u>\$3,336,436</u>	<u>\$15,843,242</u>
<b><u>Fund Cash Balances:</u></b>						
<i>Nonspendable:</i>						
Unclaimed Monies	\$7,377	\$0	\$0	\$0	\$0	\$7,377
Endowments	0	0	0	0	165,476	165,476
<i>Restricted for:</i>						
Local Grant Programs	0	0	0	0	34,134	34,134
State Grant Programs	0	0	0	0	708,032	708,032
Federal Grant Programs	0	0	0	0	36,000	36,000
Food Service Operations	0	0	0	0	207,040	207,040
Music and Athletic Programs	0	0	0	0	141,528	141,528
Student Enrichment Programs	0	0	0	0	418,051	418,051
Elementary Student Development Programs	0	0	2,528,024	0	0	2,528,024
Debt Service	0	2,172,698	0	0	0	2,172,698
Capital Improvements	0	0	0	0	891,169	891,169
Classroom Facilities	0	0	0	0	232,839	232,839
Student Field of Interest Activities	0	0	0	1,858,852	0	1,858,852
<i>Committed for:</i>						
Employee Benefits	769,867	0	0	0	0	769,867
Future Severance Payments	207,876	0	0	0	0	207,876
Athletic Facility Equipment	0	0	0	0	628,681	628,681
Educational Equipment	0	0	0	0	27,098	27,098
<i>Assigned for:</i>						
School Support Activities	309,100	0	0	0	0	309,100
Purchases on Order	288,131	0	0	0	0	288,131
Subsequent Appropriations	1,275,296	0	0	0	0	1,275,296
Permanent Improvements	0	0	0	0	550,208	550,208
Unassigned	3,089,585	0	0	0	(703,820)	2,385,765
<i>Total Fund Cash Balances</i>	<u>\$5,947,232</u>	<u>\$2,172,698</u>	<u>\$2,528,024</u>	<u>\$1,858,852</u>	<u>\$3,336,436</u>	<u>\$15,843,242</u>

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Jones Trust	Columbus Foundation	Other Governmental Funds	Total Governmental Funds
<b><u>Cash Receipts:</u></b>						
Property Taxes	\$7,222,888	\$1,224,339	\$0	\$0	\$780,925	\$9,228,152
Intergovernmental	16,953,345	132,779	0	0	5,220,422	22,306,546
Interest	307,136	0	0	59,357	100,297	466,790
Increase (Decrease) in Fair Value of Investments	(271,401)	0	0	0	0	(271,401)
Tuition and Fees	425,804	0	0	0	0	425,804
Rent	12,485	0	0	0	229	12,714
Extracurricular Activities	90,934	0	0	0	374,875	465,809
Gifts and Donations	5,099	0	235,060	0	56,892	297,051
Customer Sales and Services	3,550	0	0	0	420,507	424,057
Miscellaneous	93,682	0	232	0	17,406	111,320
<b>Total Cash Receipts</b>	<b>24,843,522</b>	<b>1,357,118</b>	<b>235,292</b>	<b>59,357</b>	<b>6,971,553</b>	<b>33,466,842</b>
<b><u>Cash Disbursements:</u></b>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	10,091,276	0	206,404	0	1,315,651	11,613,331
Special	5,686,051	0	0	0	1,645,110	7,331,161
Vocational	6,087	0	0	0	0	6,087
Student Intervention Services	0	0	0	0	180,761	180,761
Other	0	0	0	0	149,007	149,007
<i>Support Services:</i>						
Pupils	519,876	0	0	0	486,482	1,006,358
Instructional Staff	518,244	0	12,684	0	195,479	726,407
Board of Education	154,615	0	0	0	4,968	159,583
Administration	2,186,684	0	0	0	29,686	2,216,370
Fiscal	1,043,951	40,518	0	4,984	95,042	1,184,495
Business	1,670	0	0	0	198	1,868
Operation and Maintenance of Plant	2,614,377	0	0	0	661,622	3,275,999
Pupil Transportation	1,701,200	0	0	0	247,651	1,948,851
Central	17,258	0	2,905	0	3,690	23,853
<i>Operation of Non-Instructional Services:</i>						
Food Service Operations	190,659	0	0	0	1,502,403	1,693,062
Extracurricular Activities	767,217	0	0	0	410,695	1,177,912
Capital Outlay	0	0	0	0	363,166	363,166
<i>Debt Service:</i>						
Principal Retirement	53,000	1,014,000	0	0	0	1,067,000
Interest and Fiscal Charges	4,594	142,588	0	0	0	147,182
<b>Total Cash Disbursements</b>	<b>25,556,759</b>	<b>1,197,106</b>	<b>221,993</b>	<b>4,984</b>	<b>7,291,611</b>	<b>34,272,453</b>
<b>Excess (deficiency) of Cash Receipts Over (Under) Cash Disbursements</b>	<b>(713,237)</b>	<b>160,012</b>	<b>13,299</b>	<b>54,373</b>	<b>(320,058)</b>	<b>(805,611)</b>
<b><u>Other Financing Sources (Uses):</u></b>						
Insurance Recoveries	11,480	0	0	0	0	11,480
Proceeds from Sale of Capital Assets	10,000	0	0	0	0	10,000
Advances In	0	0	0	0	108,000	108,000
Advances Out	(108,000)	0	0	0	0	(108,000)
Transfers In	0	0	0	0	68,368	68,368
Transfers Out	(68,368)	0	0	0	0	(68,368)
<b>Total Other Financing Sources (Uses)</b>	<b>(154,888)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>176,368</b>	<b>21,480</b>
<b>Net Changes in Fund Cash Balances</b>	<b>(868,125)</b>	<b>160,012</b>	<b>13,299</b>	<b>54,373</b>	<b>(143,690)</b>	<b>(784,131)</b>
<b>Fund Cash Balances at Beginning of Year</b>	<b>6,815,357</b>	<b>2,012,686</b>	<b>2,514,725</b>	<b>1,804,479</b>	<b>3,480,126</b>	<b>16,627,373</b>
<b>Fund Cash Balances at End of Year</b>	<b>\$5,947,232</b>	<b>\$2,172,698</b>	<b>\$2,528,024</b>	<b>\$1,858,852</b>	<b>\$3,336,436</b>	<b>\$15,843,242</b>

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Receipts, Disbursements and Changes*  
*in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Property Taxes	\$6,724,742	\$7,222,888	\$7,222,888	\$0
Intergovernmental	16,608,513	16,953,345	16,953,345	0
Interest	85,000	281,532	307,136	25,604
Tuition and Fees	903,490	348,142	348,142	0
Rent	12,240	24,485	12,485	(12,000)
Extracurricular Activities	20,243	66,020	66,170	150
Charges for Services	0	3,550	3,550	0
Miscellaneous	5,985	0	71,545	71,545
<i>Total Receipts</i>	<u>24,360,213</u>	<u>24,899,962</u>	<u>24,985,261</u>	<u>85,299</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	11,964,461	10,797,732	10,171,630	626,102
Special	6,414,245	5,683,252	5,844,827	(161,575)
Vocational	1,376	6,087	6,087	0
Other	10,944	0	0	0
<i>Support Services:</i>				
Pupils	666,429	519,876	519,876	0
Instructional Staff	580,876	518,424	518,424	0
Board of Education	189,202	155,875	155,875	0
Administration	2,428,431	2,187,267	2,187,267	0
Fiscal	1,151,774	1,067,856	1,057,856	10,000
Business	55,585	1,670	1,670	0
Operation and Maintenance of Plant	2,836,097	2,614,377	2,614,377	0
Pupil Transportation	2,078,905	1,701,200	1,701,200	0
Central	28,876	17,258	17,258	0
Operation of Non-Instructional Services	82,298	90,955	90,955	0
Extracurricular Activities	715,740	750,669	749,542	1,127
<i>Debt Service:</i>				
Principal Retirement	53,000	53,000	53,000	0
Interest and Fiscal Charges	4,594	4,594	4,594	0
<i>Total Disbursements</i>	<u>29,262,833</u>	<u>26,170,092</u>	<u>25,694,438</u>	<u>475,654</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,902,620)	(1,270,130)	(709,177)	560,953
<b><u>Other Financing (Uses):</u></b>				
Proceeds from Sale of Capital Assets	0	10,000	10,000	0
Insurance Recoveries	0	11,480	11,480	0
Transfers Out	(325,710)	(325,710)	(325,710)	0
Advances Out	(108,000)	(108,000)	(108,000)	0
<i>Total Other Financing (Uses)</i>	<u>(433,710)</u>	<u>(412,230)</u>	<u>(412,230)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(5,336,330)	(1,682,360)	(1,121,407)	560,953
<i>Fund Balance at Beginning of Year</i>	5,660,052	5,660,052	5,660,052	0
<i>Prior Year Encumbrances Appropriated</i>	130,180	130,180	130,180	0
<i>Fund Balance at End of Year</i>	<u>\$453,902</u>	<u>\$4,107,872</u>	<u>\$4,668,825</u>	<u>\$560,953</u>

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Receipts, Disbursements and Changes*  
*in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*Jones Trust Fund*  
*For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Receipts:</u></b>				
Gifts and Donations	\$100,000	\$235,060	\$235,060	\$0
Miscellaneous	0	232	232	0
<i>Total Receipts</i>	100,000	235,292	235,292	0
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	334,725	231,858	279,705	(47,847)
<i>Support Services:</i>				
Instructional Staff	10,625	37,666	37,665	1
Central	0	2,905	2,905	0
<i>Total Disbursements</i>	345,350	272,429	320,275	(47,846)
<i>Excess of Receipts Over (Under) Disbursements</i>	(245,350)	(37,137)	(84,983)	(47,846)
<i>Fund Balance at Beginning of Year</i>	2,514,725	2,514,725	2,514,725	0
<i>Fund Balance at End of Year</i>	\$2,269,375	\$2,477,588	\$2,429,742	(\$47,846)

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Receipts, Disbursements and Changes*  
*in Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*Columbus Foundation Fund*  
*For the Fiscal Year Ended June 30, 2023*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Receipts:</u></b>				
Interest	\$0	\$0	\$59,357	\$59,357
<i>Total Receipts</i>	<u>0</u>	<u>0</u>	<u>59,357</u>	<u>59,357</u>
<b><u>Disbursements:</u></b>				
<i>Current:</i>				
<i>Support Services:</i>				
Fiscal	0	0	4,984	(4,984)
<i>Total Disbursements</i>	<u>0</u>	<u>0</u>	<u>4,984</u>	<u>(4,984)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	54,373	54,373
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>1,804,479</u>	<u>1,804,479</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,858,852</u>	<u>\$1,858,852</u>

See accompanying notes to the basic financial statements and accountant's compilation report.

**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Fund Net Position - Modified Cash Basis*  
*Fiduciary Funds*  
*June 30, 2023*

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	<u>Private Purpose Trust Fund</u>
<b><u>Assets:</u></b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$2,168,662</u>
<i>Total Assets</i>	<u>2,168,662</u>
<b><u>Net Position:</u></b>	
Restricted for scholarships	<u>2,168,662</u>
<i>Total Net Position</i>	<u><u>\$2,168,662</u></u>

See accompanying notes to the basic financial statements and accountant's compilation report.



**JACKSON CITY SCHOOL DISTRICT**  
*Statement of Changes in Fund Net Position - Modified Cash Basis*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2023*

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	Private Purpose Trust Fund
<b><u>Additions:</u></b>	
Gifts and Contributions	\$6,250
Interest	181,684
<i>Total Additions</i>	187,934
<b><u>Deductions:</u></b>	
Scholarship Payments in Accordance with Trust Agreements	22,250
<i>Deductions</i>	22,250
<i>Changes in Net Position</i>	165,684
<i>Net Position at Beginning of Year</i>	2,002,978
<i>Net Position at End of Year</i>	\$2,168,662

See accompanying notes to the basic financial statements and accountant's compilation report.

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**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

Jackson City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal agencies. This Board of Education controls the School District's six instructional/support facilities staffed by 147 classified employees and 203 certified teaching and administrative personnel who provide services to 2,367 students and other community members.

**Reporting Entity**

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

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

The School District participates in the Metropolitan Educational Technology Association, the Gallia-Jackson-Vinton Joint Vocational School District, and the Coalition and Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which is defined as an insurance purchasing pool. These organizations are presented in Notes 12 and 13.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administration Code Section 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with modified cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District's accounting policies are described below.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

**A. Basis of Presentation**

The District's basic financial statement consists of government-wide financial 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

**Fund Financial Statements**

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District classifies each fund as either governmental or fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

**Bond Retirement Fund** – The Bond Retirement Fund is used to account for resources generated by voter approved bond levies which are restricted for principal and interest payments on the District’s general obligation bonds.

**Jones Trust Fund** – The Jones Trust Special Revenue Fund is used to account for the proceeds of a gift bestowed upon the School District from Robert F. Jones. The endowment is maintained by and on deposit at Wesbanco Bank, which makes all investment decisions on behalf of the School District. The interest and contributions can be used by the School District for educational related activities of the School District’s elementary schools.

**Columbus Foundation Fund** – The Columbus Foundation Fund is used to account for funds held in an educational trust that shall be used to support activities within the Jackson City School District that are otherwise not funded or not fully funded by outside sources.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose.

**Proprietary Funds**

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

**Fiduciary Fund Type**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District’s own programs. Custodial funds are used to account for fiduciary activities not accounted for within a trust fund. The School District’s fiduciary funds include private-purpose trust funds, which account for student college scholarships, and a custodial fund used to account for State tournament events.

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus, and measures receipts and disbursements when cash is received or paid.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of cash measurement focus. With this measurement focus, only cash is included on the Balance Sheet. The Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

**D. Basis of Accounting**

The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded in cash when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note, including reporting investments at fair value.

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

**E. Cash and Cash Equivalents**

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

During the fiscal year 2023, the District's investments were limited to Federal Securities, U.S. Treasury Bonds, U.S. Treasury Notes, Commercial Paper, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices.

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

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$307,136, which includes \$198,096 assigned from other District funds.

**F. Inventory and Prepaid Items**

On the modified cash basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased. The District reports prepaid item when paid. These items are not reflected as assets in the accompanying financial statements.

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

**G. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**H. Interfund Receivables/Payables**

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

**I. Compensated Absences**

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

**J. Long-term Obligations**

These modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

**K. Pensions/Other Postemployment Benefits (OPEB)**

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

**L. Net Position**

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide Statement of Net Position reports \$9,393,843 of restricted net position, of which none is restricted by enabling legislation.

The District applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

**M. Fund Balances**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

**Restricted** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

**N. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Flows of cash from one 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.

**O. 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. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.



**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the 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 receipts. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**NOTE 3 - NEW GASB PRONOUNCEMENTS**

**A. Change in Accounting Principles**

For the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 100, “*Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*”. The implementation of GASB Statement No. 100 had no effect on the prior period fund balances of the District.

**B. Compliance**

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

**NOTE 4 - BUDGETARY BASIS FUND BALANCES**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes In Fund Balance – Budget And Actual (budgetary basis) presented for the General Fund and major special revenue funds is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the General Fund on the cash basis but not on the budgetary basis.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

**NOTE 4 - BUDGETARY BASIS FUND BALANCES** - (Continued)

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statement:

	Net Change in Fund Cash Balance		
	General	Columbus Foundation	Jones Trust
Cash Basis	(\$868,125)	\$54,373	\$13,299
Adjustment for encumbrances	(288,131)	0	0
Adjustment to Fair Market Value	271,401	0	0
Funds budgeted elsewhere**	(236,552)	0	0
Budget Basis	(\$1,121,407)	\$54,373	\$13,299

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. These funds are excluded from the budgetary presentation of the General Fund.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

**Deposits:** Custodial credit risk is the risk that, in the event of a bank failure, in the event of a bank failure, the District's will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

At June 30, 2023, the carrying amount of all District deposits was \$5,942,494, which includes \$1,858,852 cash with fiscal agent. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2022, \$4,480,562 of the District's bank balance of \$4,730,562 was exposed to custodial risk as discussed above while \$250,000 was covered by Federal Deposit Insurance.

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

Eligible securities pledged to the 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.

At June 30, 2023 the District's financial institution participated in the Ohio Pool Collateral System.

**Investments:** As of June 30, 2023, the School District had the following investments and maturity:

Investment Type	Measurement	Maturity			% of Portfolio
		Less Than One Year	One to Three Years	Three to Five Years	
<i>Fair Value:</i>					
FHLB	4,271,021	\$614,876	\$3,510,160	\$145,985	35%
FFCB	2,219,796	440,642	770,513	1,008,641	18%
PEFCO	88,136	0	0	88,136	1%
Negotiable Certificates of Deposit	481,148	0	0	481,148	4%
U.S. Treasury Bond	2,095,443	760,126	1,335,317	0	17%
U.S. Treasury Note	2,913,866	1,074,415	1,179,785	659,666	25%
Total	<u>\$12,069,410</u>	<u>\$2,890,059</u>	<u>\$6,795,775</u>	<u>\$2,383,576</u>	<u>100%</u>

The District categorizes its fair value measurements within the fair value hierarchy established by cash basis 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 District only has STAR Ohio as an investment which is valued at its net asset value per share.

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

**Credit Risk:** The District has no investment policy that limits its credit risk other than the limitations of state laws mentioned previously. Moody's Investor Services rated commercial paper at P-1. Standard and Poor's has assigned Federal Home Loan Bank Bonds, Federal Farm Credit Bank Discounts Notes, Private Export Funding Corporation Notes, U.S. Treasury Bonds and U.S. Treasury Notes a rating of "AAA".

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 5 - 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 District’s investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the District or not.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar 2023 represents collections of calendar 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien in 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 District receives property taxes from Jackson County. The County Auditor periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$254,698,970	70.26%	\$256,841,290	62.29%
Public Utility Real	64,145,850	17.69%	66,183,170	16.05%
Public Utility Personal	43,677,190	12.05%	89,329,520	21.66%
Total Assessed Value	\$362,522,010	100.00%	\$412,353,980	100.00%
Tax rate per \$1,000 of assessed valuation	\$29.30		\$29.30	

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 7 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the District contracted with Liberty Mutual Insurance through Reed and Baur Insurance Agency for the following coverage:

Coverage	Limits of Coverage
Building and Contents - Replacement Cost (\$2,500 deductible)	\$ 145,492,253
General Liability:	
Each Occurrence	
Aggregate Limit	
Products - Complete Operations Aggregate Limit	
Personal and Advertising Injury Limit - Each Offense	
Damage to Premises Rented	1,000,000
Earthquake (2,500 deductible):	
Each Occurrence	5,000,000
Aggregate Limit	5,000,000
Errors and Omissions (\$5,000 deductible):	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Employers' Liability:	
Each Occurrence	1,000,000
Disease - Each Employee	1,000,000
Disease - Policy Limit	1,000,000
Aggregate Limit	1,000,000
Employee Benefits Liability (\$1,000 deductible):	
Each Occurrence	1,000,000
Aggregate Limit	2,000,000
Automobile Insurance (\$1,000 Comprehensive/\$1,000 Collision):	
Each Occurrence	1,000,000
Aggregate Limit	1,000,000

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 7 - RISK MANAGEMENT** – (Continued)

For fiscal year 2023, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 13). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement Inc., provides administrative, cost control and actuarial services to the Plan.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

**Plan Description** – 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:

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

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

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

An individual whose benefit effective date is before April 1, 2018 is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 per cent COLA for calendar year 2023. 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.

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

The District’s contractually required contribution to SERS was \$697,344 for fiscal year 2023.



**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

***Plan Description*** – 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.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14 percent of their annual covered salary. The 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 District’s contractually required contribution to STRS was \$1,927,604 for fiscal year 2023.

**Net Pension Liability**

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13268440%	0.10451936%	
Prior Measurement Date	0.12903850%	0.10132551%	
Change in Proportionate Share	0.00364590%	0.00319385%	
Proportionate Share of the Net Pension Liability	\$7,176,604	\$23,234,784	\$30,411,388

**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.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

Key methods and assumptions used in calculating the total 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 expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2022 and 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.

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

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

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

**Sensitivity of the 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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$10,563,619	\$7,176,604	\$4,323,091

**Changes Between the Measurement Date and the Reporting Date** Cost-of-Living Adjustments was increased from 2.00% to 2.50% for calendar year 2023.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

**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 percent	2.50 percent
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-Retirement mortality rates for 2022 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.

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

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

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

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

\* Target allocation percentage is effective 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 percent, and does not include investment expenses. Over a 30 year period, STRS Ohio’s investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table presents the 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 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		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$35,099,302	\$23,234,784	\$13,201,078

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS** – (Continued)

***Changes Between the Measurement Date and the Reporting Date*** – Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

***Net OPEB Liability***

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 9 - POSTEMPLOYMENT BENEFITS**– (Continued)

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

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 Comprehensive Annual 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 District's surcharge obligation was \$94,706.



**JACKSON CITY SCHOOL DISTRICT**  
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**NOTE 9 - POSTEMPLOYMENT BENEFITS**– (Continued)

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District’s contractually required contribution to SERS was \$94,706 for fiscal year 2023.

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

**Plan Description** – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. 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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability***

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.13590860%	0.10451936%	
Prior Measurement Date	0.13297190%	0.10132551%	
Change in Proportionate Share	0.00293670%	0.00319385%	
Proportionate Share of the Net OPEB Liability	\$1,908,171	\$0	\$1,908,171
Proportionate Share of the Net OPEB (Asset)	\$0	(\$2,706,354)	(\$2,706,354)

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

**NOTE 9 - POSTEMPLOYMENT BENEFITS**– (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 date of June 30, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.00 percent net of investmen expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	3.69 percent	1.92 percent
Prior Measurement Date	1.92 percent	2.45 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.08 percent	2.27 percent
Prior Measurement Date	2.27 percent	2.63 percent
Medical Trend Assumption		
Medicare	7.00 to 4.40 percent	5.125 to 4.40 percent
Pre-Medicare	7.00 to 4.40 percent	6.75 to 4.40 percent

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

**NOTE 9 - POSTEMPLOYMENT BENEFITS**– (Continued)

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.

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:

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

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

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**NOTE 9 - POSTEMPLOYMENT BENEFITS**– (Continued)

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

**Sensitivity of the 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 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$2,369,977	\$1,908,171	\$1,535,368
Current			
	1% Decrease	Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	\$1,471,542	\$1,908,171	\$2,478,479

**JACKSON CITY SCHOOL DISTRICT**  
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**NOTE 9 - POSTEMPLOYMENT BENEFITS** – (Continued)

**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
Projected salary increases	8.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial, 3.94 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-68.78 percent initial, 3.94 percent ultimate	-16.18 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial, 3.94 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	-5.47 initial, 3.94 percent ultimate	29.98 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2022; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
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**NOTE 9 - POSTEMPLOYMENT BENEFITS** – (Continued)

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

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

\* Target allocation percentage is effective 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 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022, and was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability/Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB liability/asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB 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 assumption. Also shown is the net OPEB liability/asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	(\$2,501,953)	(\$2,706,354)	(\$2,881,441)

  

	Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	(\$2,807,148)	(\$2,706,354)	(\$2,579,127)

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 9 - POSTEMPLOYMENT BENEFITS** – (Continued)

**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 undated 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.

**NOTE 10 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn between ten and twenty days of vacation leave per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Teachers and administrators are limited to a total accumulation of 339 days; classified employees are limited to a total accumulation of 285 days. Upon retirement, payment is made to certificated employees at 25 percent up to a maximum of 84.75 days, and at 25 percent up to a maximum of 71.25 days for classified employees.

**Insurance Benefits**

The District provides life insurance and accidental death and dismemberment insurance to classified, certified and administrative employees in the amount of \$50,000. Health and vision insurance coverage is provided by Medical Mutual. Monthly premiums for this coverage are \$2,540 for family plans and \$1,019 for single plans. The District pays 92 percent for both family and single coverage premiums. Dental insurance is also provided by Anthem Blue Cross/Blue Shield. Monthly premiums for this coverage are \$63 for family plans and \$24 for single plans. The School District pays 100 percent of the dental premiums.

**NOTE 11 - TERMINATION BENEFITS**

The Jackson City School District offers an early retirement incentive program, whereby any full-time certified employee who has completed or attained 30 years of service credit and is eligible for retirement under the State Teachers Retirement System are eligible to receive 33 percent of accumulated, unused sick leave up to a maximum of 112.9 days.

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**Metropolitan Educational Technology Association (META)**

The District participates in the Metropolitan Educational Technology Association (META), formed from the merger of the Metropolitan Educational Council (MEC) and the Southern Ohio Voluntary Education Cooperative (SEOVEC), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2023, the School District paid \$75,309 for services with META. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

**Gallia-Jackson-Vinton Joint Vocational School District**

The Gallia-Jackson-Vinton Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the various City and County Boards within Gallia, Jackson, and Vinton Counties. The Board possesses its own budgeting and taxing authority. During fiscal year 2023, the District paid \$0 to the Joint Vocational District. To obtain financial information write to the Gallia-Jackson-Vinton Joint Vocational School District, Stephanie Rife who serves as Treasurer, 351 Buckeye Hills Road, Rio Grande, Ohio, 45674.

**Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2023, the District made a payment of \$325 for a membership fee. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

**NOTE 13 – INSURANCE PURCHASING POOL**

The 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 plan. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the plan.



**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

**NOTE 14 – CONTINGENCIES**

**Grants**

The 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.

**Litigation**

The School District is currently not party to any legal proceedings.

**Foundation Reviews**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2023 foundation funding for the District. No additional adjustments resulted.

**NOTE 15 - LONG-TERM OBLIGATIONS**

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

	Principal Outstanding at July 1, 2022	Additions	Deductions	Principal Outstanding at June 30, 2023	Amount Due In One Year
<i>Governmental Activities:</i>					
2013 Classroom Facilities					
Refunding Bonds:					
Serial (0.40% to 3.20%)	4,185,000	0	1,004,000	3,181,000	1,003,000
2015 Classroom Facilities					
Refunding Bonds:					
Serial (3.67%)	2,405,000	0	10,000	2,395,000	10,000
2013 2.35% Energy Conservation					
Refunding Bonds	222,000	0	53,000	169,000	55,000
<b>Total Governmental Activities Long-Term Liabilities</b>	<b>\$6,812,000</b>	<b>\$0</b>	<b>\$1,067,000</b>	<b>\$5,745,000</b>	<b>\$1,068,000</b>

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

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**NOTE 15 - LONG-TERM OBLIGATIONS** – (Continued)

On May 16, 2013, the School District issued \$6,504,992 of Classroom Facilities Refunding Bonds to partially advance refund the 2005 Classroom Facilities General Obligation Serial Bonds. The bonds were issued for a 13-year period with final maturity at December 1, 2025. The bond issue included serial and capital appreciation bonds in the amounts of \$6,255,000 and \$249,992, respectively. At the date of the refunding, \$7,386,833 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2005 bonds.

The capital appreciation bonds for the 2013 issue mature December 1, 2023, through December 1, 2026. These bonds were purchased at a substantial discount at the time of issuance. At maturity, all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as a principal liability. The maturity amount of the bonds is \$1,340,000.

Principal and interest requirements to retire the 2013 Classroom Facilities Refunding Bonds outstanding at June 30, 2023, are as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2024	\$1,003,000	\$39,656	\$1,042,656
2025	1,075,000	24,279	1,099,279
2026	1,103,000	8,162	1,111,162
Totals	<u>\$3,181,000</u>	<u>\$72,097</u>	<u>\$3,253,097</u>

On September 9, 2015, the School District issued \$2,475,000 of Classroom Facilities Refunding Bonds to partially refund the 2005 Classroom Facilities General Obligation Term Bonds. The bonds were issued for a 13-year period with final maturity at December 1, 2027. The bond issue included serial bonds in the amount of \$2,475,000.

Principal and interest requirements to retire the 2015 Classroom Facilities Refunding Bonds outstanding at June 30, 2023, are as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30,</u>			
2024	\$10,000	\$87,713	\$97,713
2025	10,000	87,346	97,346
2026	10,000	86,979	96,979
2027	1,145,000	65,785	1,210,785
2028	1,220,000	22,387	0
Totals	<u>\$2,395,000</u>	<u>\$350,210</u>	<u>\$1,502,823</u>

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

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**NOTE 15 - LONG-TERM OBLIGATIONS** – (Continued)

The District issued House Bill Energy Conservation Tax Anticipation Notes in the amount of \$703,220 for the purpose of improving and reducing energy consumption in each of the School District’s instructional facilities. The notes were issued on July 27, 2011, and are backed by the full faith and credit of the School District. The School District is required to make semiannual payments of interest and annual payment of principal with final maturity on December 1, 2025. These notes were refunded on July 15, 2013, with refunding bonds for a savings of \$80,175.

Principal and interest requirements to retire the Energy Conservation Tax Anticipation Bonds outstanding at June 30, 2023, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$55,000	\$3,326	\$58,326
2025	56,000	2,021	58,021
2026	58,000	682	58,682
Totals	\$169,000	\$6,029	\$175,029

The overall debt margin of the School District at June 30, 2023 was \$33,539,556, with an unvoted debt margin of \$412,354.

**NOTE 16 - INTERFUND ACTIVITY**

During fiscal year 2023, interfund transfers were as follows:

Fund	Transfer In	Transfer Out
General	\$0	\$68,368
<i>Other Governmental Funds:</i>		
Food Service	2,746	0
District Managed Activities	65,622	0
Total	\$68,368	\$68,368

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2023

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**NOTE 16 - INTERFUND ACTIVITY** – (Continued)

Interfund cash advances at June 30, 2023, were as follows:

Fund	Advances In	Advances Out
General	\$0	\$108,000
<i>Other Governmental Funds:</i>		
Miscellaneous Federal Grants	108,000	0
Total	\$108,000	\$108,000

The advances noted represent temporary transfer of cash flow resources from the General Fund to the Miscellaneous Federal Grants Fund to provide funding to cover program expenditures prior to grant reimbursement being received.

**NOTE 17 - STATUTORY SET-ASIDES**

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2023:

	Capital Improvements
Set-Aside Balance June 30, 2022	\$0
Current Year Set Aside Requirement	518,834
Current Year Qualifying Disbursements	(899,775)
Total	(380,941)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance at June 30, 2023	\$0

Excess of qualified expenditures for capital improvements do not carry forward.

**NOTE 18 – ENCUMBRANCE COMMITMENTS**

At June 30, 2023, the District had encumbrance commitments in the Governmental Funds as follows:

	Year-End Encumbrances
General	\$288,131
Nonmajor governmental funds	379,872
Total	\$668,003

**JACKSON CITY SCHOOL DISTRICT**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 19 – SUBSEQUENT EVENTS**

The District has engaged Energy Optimizers USA to do an Energy Conservation Project which is being funded with a lease purchase issuance in the amount of \$700,000 to be completed during fiscal year 2024. The savings from the energy project are intended to pay for the lease purchase debt obligation over a 10 year term.

**NOTE 20 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2022 while the national state of emergency ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

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JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2023	\$92,470
Cash Assistance:			
School Breakfast Program	10.553	2022/2023	216,318
National School Lunch	10.555	2022/2023	596,481
COVID-19 National School Lunch	10.555	2023	62,234
<b>Total Cash Assistance Subtotal</b>			<u>875,033</u>
<b>Total Child Nutrition Cluster</b>			967,503
Child Nutrition Discretionary Grants Limited Availability	10.579	2023	<u>108,000</u>
<b>Total U.S. Department of Agriculture</b>			<b>1,075,503</b>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Facilities Construction Commission</i>			
Coronavirus State Fiscal Recovery Funds	21.027	OFCC-SS1-33735	<u>138,836</u>
<b>Total U.S. Department of Treasury</b>			<b>138,836</b>
<b>U.S. DEPARTMENT OF FEDERAL COMMUNICATIONS COMMISSION</b>			
<i>Direct Program</i>			
Emergency Connectivity Fund Program	32.009	2023	<u>193,280</u>
<b>Total U.S. Department of Federal Communications Commission</b>			<b>193,280</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational agencies	84.010A	2022	102,664
Title I Grants to Local Educational agencies	84.010A	2023	702,587
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2022	16,773
Total Title I Grants to Local Educational Agencies			<u>822,024</u>
Special Education Cluster:			
Special Education - Grants to States	84.027A	2022	76,802
Special Education - Grants to States	84.027A	2023	516,529
Special Education - American Rescue Plan	84.027X	2022	18,039
Special Education - American Rescue Plan	84.027X	2023	43,534
Total Special Education - Grants to States			<u>654,904</u>
Special Education - Preschool Grants	84.173A	2022	2,234
Special Education - Preschool Grants	84.173A	2023	13,380
Special Education Preschool Grant - American Rescue Plan	84.173X	2022	1,541
Special Education Preschool Grant - American Rescue Plan	84.173X	2023	3,312
Total Special Education - Preschool Grants			<u>20,467</u>
Total Special Education Cluster			<u>675,371</u>
Twenty-First Century Community Learning Centers	84.287A	2023	103,687
Rural Education	84.358B	2022	8,013
Rural Education	84.358B	2023	64,550
Total Rural Education			<u>72,563</u>
Supporting Effective Instruction State Grants	84.367A	2022	3,040
Supporting Effective Instruction State Grants	84.367A	2023	26,923
Total Supporting Effective Instruction State Grants			<u>29,963</u>
Student Support and Academic Enrichment	84.424A	2022	4,230
Student Support and Academic Enrichment	84.424A	2023	57,394
Total Student Support and Academic Enrichment			<u>61,624</u>
Governor's Emergency Education Relief Fund	84.425C	2023	270,129
Elementary and Secondary School Emergency Relief Fund	84.425D	2022	234,013
Elementary and Secondary School Emergency Relief Fund	84.425D	2023	472,243
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	2022	161,412
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	2023	1,118,419
American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	2022	220
American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth	84.425W	2023	7,140
Total Education Stabilization Fund			<u>2,263,576</u>
<b>Total U.S. Department of Education</b>			<b>4,028,808</b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$5,436,427</u></b>

The accompanying notes are an integral part of this schedule.

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

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F – TRANSFERS BETWEEN PROGRAM YEARS**

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

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	\$36,321
Support Effective Instruction State Grants	84.367A	30,853
Student Support and Academic Enrichment Grants	84.424A	5,368
Special Education Grants to States	84.027A	110,125
Special Education Preschool Grants	84.173A	1,359
Education Stabilization Fund - American Rescue Plan	84.425U	3,658,121



# OHIO AUDITOR OF STATE KEITH FABER



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

Jackson City School District  
Jackson County  
450 Vaughn Street  
Jackson, Ohio 45640

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Jackson City School District, Jackson County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 10, 2024, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

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

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-002 and 2023-004 through 2023-005 that we consider to be material weaknesses.

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

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as items 2023-001 through 2023-003.

***District's Responses to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Corrective Action Plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

October 10, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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

Jackson City School District  
Jackson County  
450 Vaughn Street  
Jackson, Ohio 45640

To the Board of Education:

### Report on Compliance for Each Major Federal Program

#### ***Qualified and Unmodified Opinions***

We have audited Jackson City School District's, Jackson County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Jackson City School District's major federal programs for the year ended June 30, 2023. Jackson City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

#### ***Qualified Opinion on Nutrition Cluster AL #'s 10.553 and 10.555***

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Jackson City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Nutrition Cluster major federal program for the year ended June 30, 2023.

#### ***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Jackson City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2023.

#### ***Basis for Qualified and Unmodified Opinions***

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

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

*Matter Giving Rise to Qualified Opinion on Nutrition Cluster AL's #10.553 and 10.555*

As described in Finding 2023-006 in the accompanying Schedule of Findings, the District did not comply with requirements regarding Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP) applicable to its Nutrition Cluster AL #'s 10.553 and 10.555 major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying Schedule of Findings as item 2023-007. Our opinion on the major federal programs is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Corrective Action Plan. The District's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

*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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2023-006, to be a material weakness.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Corrective Action Plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Jackson City School District  
Jackson County  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance  
Page 4

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

October 10, 2024

**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified opinion on Nutrition Cluster – AL #'s 10.553 and 10.555 Unmodified opinion on all other major programs
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	Yes
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b> <ul style="list-style-type: none"> <li>• Nutrition Cluster, AL #'s 10.553 and 10.555</li> <li>• Special Education Cluster, AL #'s 84.027A, 84.027X, 84.173A and 84.173X</li> <li>• Education Stabilization Fund, AL #'s 84.425C, 84.425D, 84.425U, and 84.425W</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2023-001**

**Noncompliance**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-001 (Continued)**

**Noncompliance - Ohio Rev. Code §117.38 (Continued)**

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting (modified cash basis of accounting) rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Official's Response:**

The School District has chosen the most cost-effective financial reporting method available. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.

**FINDING NUMBER 2023-002**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Rev. Code.

The District did not record activity for the Columbus Foundation Fund in their ledgers and as such did not include the fund in the approved appropriation measure. Therefore, disbursements exceeded appropriations by the \$4,984 total disbursements in the fund. Failure to record activity for the Columbus Foundation Fund indicates a lack of adequate controls which could result in errors or fraud occurring without detection.

Due to unrecorded encumbrances in the Jones Trust Fund, expenditures plus encumbrances exceeded appropriations by \$47,847, the amount of the unrecorded encumbrances.

The Treasurer should ensure the Columbus Foundation Fund is included in the District's ledgers and ensure appropriations and estimated receipts are approved. The Treasurer should further ensure purchases are properly encumbered and appropriations are sufficient to cover those encumbrances.

**Official's Response:**

The District will work with the Auditor of States Office to appropriately include these funds in the District's Ledger's. Adding these funds to the ledgers will prompt the financial suite to include these funds in future certifications and appropriations measures.



**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-003**

**Noncompliance**

Ohio Rev. Code § 5705.41(D)(1) provides that no orders or contracts involving the expenditure of money are to be made unless there is attached thereto a certificate of the fiscal officer certifying that the amount required to meet the obligation or, in the case of a continuing contract to be performed in whole or in part in an ensuing fiscal year, the amount required to meet the obligation in the fiscal year in which the contract is made has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that treasurer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in Ohio Rev. Code §§ 5705.41(D)(1) and 5705.41(D)(3), respectively.

“Then and Now” certificate – If the chief fiscal officer can certify both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collections, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Education can authorize the drawing of a warrant for the payment of the amount due. The Board of Education has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts less than \$100 in counties and less than \$3,000 in all other subdivisions or taxing units may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the District.

Blanket Certificate – The auditor or fiscal officer may prepare “blanket” certificates for a certain sum of money, not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority, against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Board of Education may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel oil, gasoline, food items, roadway materials, utilities, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Due to deficiencies in internal controls, 40% of the transactions tested throughout the year were not certified by the treasurer at the time the commitment was incurred. Though these purchase orders had ‘then and now’ language, we noted that this language was on every purchase order and there was no initials or signature to indicate when the then and now language was being used versus when the standard purchase order was used. Further, the purchases exceeded \$3,000 and the Board of Education did not authorize the drawing of a warrant for the payment of the amount due.

**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-003 (Continued)**

**Noncompliance – Ohio Rev. Code § 5705.41(D) (Continued)**

We also noted an unrecorded encumbrance of \$47,847 at year end in the Jones Trust Fund.

Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to help ensure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District's funds exceeding budgetary spending limitations, the Treasurer should certify the funds are or will be available prior to obligation by the District. When prior certification is not possible, "then and now" certification should be used following guidance in the Ohio Rev. Code.

**Official's Response:**

The Treasurer will physically sign all "then and now" purchase orders and will take all "then and now" purchases exceeding \$3,000.00 to the Board of Education for approval prior to making payment.

**FINDING NUMBER 2023-004**

**Material Weakness - Bank Reconciliations**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis and the Board of Education is responsible for reviewing the reconciliations and related support. The District was unable to reconcile throughout fiscal year 2023, however, posted adjustments during June 2023 resulted in the District reconciling as of June 30, 2023. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer, or designated employee, should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board of Education should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2023-004 (Continued)**

**Material Weakness - Bank Reconciliations (Continued)**

**Official's Response:**

This was an issue that the District was aware of prior to the employment of the current District Treasurer. The District was engaged in a bank reconciliation agreement with Millhuff-Stang prior to the current Treasurer's employment. This engagement has been completed as of June 30, 2023, and the District has been reconciling monthly since that time.

**FINDING NUMBER 2023-005**

**Material Weakness - Financial Reporting**

In our audit engagement letter, as required by AU-C § 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C § 210 paragraphs .A14 & .A16.

Certain transactions were misclassified resulting in material audit adjustments as follows:

- The Columbus Foundation Fund is a major special revenue fund. A Budget vs. Actual statement was not presented for this fund. This resulted in the financial statements being adjusted to include the Beginning Balance of \$1,804,479, actual Interest receipts of \$59,357 and actual Fiscal expenditures of \$4,984 as there were no budgeted amounts approved for this fund.
- The Jones Trust is a major special revenue fund. A Budget vs. Actual statement was not presented for this fund. This resulted in the financial statements being adjusted to include the Beginning Balance of \$2,514,725, original budgeted Gifts and Donations receipts of \$100,000, final budgeted Gifts and Donations and Miscellaneous receipts of \$235,060 and \$232, respectively; actual Gifts and Donations and Miscellaneous receipts of \$235,060 and \$292, respectively; original appropriations for Regular Instruction and Instructional Staff of \$334,925 and \$10,625, respectively; final appropriations for Regular Instruction, Instructional Staff and Central of \$231,858, \$37,666 and \$2,905, respectively; and actual expenditures plus encumbrances for Regular Instruction, Instructional Staff and Central of \$279,705, \$37,665 and \$2,905, respectively.
- The General Fund Original Appropriations were increased by \$3,304,724 in the Budget vs. Actual statement to agree to the approved original appropriation amount.

Adjustments with which the District's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The District did not record the Columbus Foundation Fund in the District ledgers or budgetary documents. The Columbus Foundation Fund activity is reported in the Annual Financial Report as part of the compilation. To effectively monitor financial activity and the budgetary cycle and to maintain accountability over receipts and expenditures, the District should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission, appropriations as approved by the Board and actual financial activity of the Columbus Foundation Fund.

**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

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

**FINDING NUMBER 2023-005 (Continued)**

**Material Weakness - Financial Reporting (Continued)**

Failure to record activity for the Columbus Foundation Fund indicates a lack of adequate controls which could result in errors or fraud occurring without detection.

The Treasurer should review the financial statements compiled by their contracted firm for any errors or omissions prior to filing those statements. Additionally, the District should record the activity of the Columbus Foundation Fund in the District's ledgers.

**Official's Response:**

The District will inform the IPA compiling the financial statements on behalf of the school district of the issue and will work with the IPA to ensure future compliance.

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

<b>Finding Number:</b>	<b>2023-006</b>
<b>Assistance Listing Number and Title:</b>	<b>AL #'s 10.553 and 10.555 - Nutrition Cluster</b>
<b>Federal Award Identification Number / Year:</b>	<b>2022/2023</b>
<b>Federal Agency:</b>	<b>U.S. Department of Agriculture</b>
<b>Compliance Requirement:</b>	<b>Section N – Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP)</b>
<b>Pass-Through Entity:</b>	<b>Ohio Department of Education</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

**Noncompliance and Material Weakness**

7 C.F.R. § 245.6a(c)(1) states the local educational agency must verify the eligibility of children in a sample of household applications approved for free and reduced-price meal benefits for that school year. 7 C.F.R. § 245.6a(e-f) outline the procedures to be performed by the local educational agency during the verification process, as well as the required changes to be made to the eligibility determinations, as based on the results of the verification procedures.

The District was required to verify six students' applications. As required, the District properly requested documentation from the six students, however, 17% of the verifications tested were not properly calculated, based on U.S. Department of Agriculture guidelines. Based on the income documentation provided, the application should have been changed from free to reduced price meals, however the District did not use the correct income amount from the provided pay stub and instead changed the application from free to paid.

The District should establish and implement procedures to ensure that the required verifications are accurately completed and all necessary documentation is properly maintained.

JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2023  
(Continued)

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

**FINDING NUMBER 2023-006 (Continued)**

**Noncompliance and Material Weakness- Section N – Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP) (Continued)**

**Official’s Response:**

The Treasurer and the Food Services Supervisor will work together to complete and check the verifications for accuracy.

<b>Finding Number:</b>	<b>2023-007</b>
<b>Assistance Listing Number and Title:</b>	<b>AL #'s 10.553 and 10.555 - Nutrition Cluster AL # 21.027 – Coronavirus State Fiscal Recovery Funds AL# 32.009 – Emergency Connectivity Fund Program AL # 84.287A – Twenty-First Century Community Learning Centers</b>
<b>Federal Award Identification Number / Year:</b>	<b>2022/2023 OFCC-SS1-33735 2023 2023</b>
<b>Federal Agency:</b>	<b>U.S. Department of Agriculture U.S. Department of Treasury U.S. Department of Federal Communications Commission U.S. Department of Education</b>
<b>Compliance Requirement:</b>	<b>Other</b>
<b>Pass-Through Entity:</b>	<b>Ohio Department of Education Ohio Facilities Construction Commission N/A - Direct Ohio Department of Education</b>
<b>Repeat Finding from Prior Audit?</b>	<b>No</b>

**Noncompliance – Other**

2 CFR Subpart F § 200.510(b) requires the auditee prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the District’s financial statements which must include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the Schedule must:

1. List individual Federal programs by Federal agency.
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
3. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
4. Include the total amount provided to subrecipients from each Federal program.

**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

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

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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**FINDING NUMBER 2023-007 (Continued)**

**Noncompliance - Other (Continued)**

5. For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.

6. Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in § 200.414 Indirect (F&A) costs.

The lack of effective controls over this compliance requirement resulted in the Schedule being understated \$302,121. This was due to the Emergency Connectivity Grant and Coronavirus State Fiscal Recovery Funds being omitted from the Schedule in the amount of \$193,280 and \$138,836, respectively, an understatement in the Nutrition Cluster of \$30,402 and an overstatement of the 21st Century Grant of \$60,397. The audited Schedule has been adjusted to correct these items.

Noncompliance with grant requirements as well as errors and omissions on the Schedule of Expenditures of Federal Awards could have an adverse effect on future grant awards by the awarding agency in addition to an inaccurate assessment of major federal programs that would be subjected to audit.

The Treasurer should review reported federal expenditures to ensure accuracy of amounts reported. This will help ensure the Schedule is complete and accurate, and major federal programs are accurately identified for audit.

**Official's Response:**

The Treasurer will review the Schedule of Expenditures of Federal Awards to ensure all federal awards are being reported and the expenditures are properly reported.

# Jackson City School District



Mr. Phil Howard, Superintendent

Mrs. Teresa McGinnis, Treasurer/CFO

450 Vaughn Street • Jackson, Ohio 45640

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2022-001	Noncompliance with Ohio Rev. Code § 117.38 due to reporting on a modified cash basis.	Not Corrected	The School District has chosen the most cost-effective financial reporting method available. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.
2022-002	Material Weakness and Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures in excess of appropriations.	Not Corrected	The District will work with the Auditor of States Office to appropriately include these funds in the District's Ledger's. Adding these funds to the ledgers will prompt the financial suite to include these funds in future certifications and appropriations measures.
2022-003	Material Weakness due to lack of monthly bank to book reconciliations.	Not Corrected	This was an issue that the District was aware of prior to the employment of the previous District Treasurer. The District was engaged in a bank reconciliation agreement with Millhuff-Stang prior to the previous Treasurer's employment. This engagement has been completed as of June 30, 2023, and the District has been reconciling monthly since that time.
2022-004	Material Weakness due to financial reporting errors.	Not Corrected	The District will inform the IPA compiling the financial statements on behalf of the school district of the issue and will work with the IPA to ensure future compliance.
2022-005	Material Weakness for approved appropriations not agreeing to the accounting system	Corrected	
2022-006	Significant Deficiency for incorrect salary rates used in the Education Stabilization Grant	Corrected	

# Jackson City School District



Mr. Phil Howard, Superintendent

Mrs. Teresa McGinnis, Treasurer/CFO

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## **CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2023**

**Finding Number:** 2023-001  
**Planned Corrective Action:** The district will continue with the most cost-effective financial reporting method.  
**Anticipated Completion Date:** N/A  
**Responsible Contact Person:** Teresa McGinnis

**Finding Number:** 2023-002  
**Planned Corrective Action:** The Treasurer will add the Columbus Foundation to the District's ledgers and ensure encumbrances are properly recorded.  
**Anticipated Completion Date:** June 30, 2025  
**Responsible Contact Person:** Teresa McGinnis

**Finding Number:** 2023-003  
**Planned Corrective Action:** The Treasurer will physically sign all "then and now" purchase orders and will take all "then and now" purchases exceeding \$3,000.00 to the Board of Education for approval prior to making payment.  
**Anticipated Completion Date:** June 30, 2025  
**Responsible Contact Person:** Teresa McGinnis

**Finding Number:** 2023-004  
**Planned Corrective Action:** Reconciliations of all bank accounts will be completed monthly.  
**Anticipated Completion Date:** June 30, 2023  
**Responsible Contact Person:** Teresa McGinnis

**Finding Number:** 2023-005  
**Planned Corrective Action:** The District will inform the IPA compiling the financial statements on behalf of the school district of the issue and will work with the IPA to ensure future compliance.  
**Anticipated Completion Date:** June 30, 2024  
**Responsible Contact Person:** Teresa McGinnis



**JACKSON CITY SCHOOL DISTRICT  
JACKSON COUNTY**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
JUNE 30, 2023  
(Continued)**

**Finding Number:** 2023-006  
**Planned Corrective Action:** The Treasurer and the Food Services Supervisor will work together to complete and check the verifications for accuracy.  
**Anticipated Completion Date:** June 30, 2024  
**Responsible Contact Person:** Teresa McGinnis

**Finding Number:** 2023-007  
**Planned Corrective Action:** The Treasurer will review the Schedule of Expenditures of Federal Awards to ensure all federal awards are being reported and the expenditures are properly reported.  
**Anticipated Completion Date:** June 30, 2025  
**Responsible Contact Person:** Teresa McGinnis

# OHIO AUDITOR OF STATE KEITH FABER



**JACKSON CITY SCHOOL DISTRICT**

**JACKSON 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 11/7/2024**

65 East State 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)