

**ANNA LOCAL SCHOOL DISTRICT  
SHELBY COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**





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Members of the Board of Education  
Anna Local School District  
1 McRill Way  
Anna, Ohio 45302

We have reviewed the *Independent Auditor's Report* of Anna Local School District, Shelby County, prepared by Julian & Grube, Inc., for the audit period July 1, 2023, through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**May 16, 2025**

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**ANNA LOCAL SCHOOL DISTRICT  
SHELBY COUNTY, OHIO**

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## Independent Auditor's Report

Anna Local School District  
Shelby County  
1 McRill Way  
Anna, Ohio 45302

To the Members of the Board of Education:

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

#### *Opinions*

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anna Local School District, Shelby County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Anna Local School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Anna Local School District, as of June 30, 2024, and the respective changes in cash basis financial position, and where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in accordance with cash basis of accounting described in Note 2.

#### *Basis for Opinions*

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

#### *Emphasis of Matter*

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

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

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

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

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

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

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

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

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

Anna Local School District  
Shelby County  
Independent Auditor's Report

***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2024 on our consideration of Anna Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Anna Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Anna Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
November 8, 2024

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2024*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 19,386,919
Cash and Cash Equivalents with Fiscal Agent	<u>911,651</u>
<i>Total Assets</i>	<u><u>\$ 20,298,570</u></u>
<b>Net Position</b>	
Restricted for:	
Debt Service	\$ 6,729,895
Capital Outlay	257,468
Other Purposes	1,266,448
Unrestricted	<u>12,044,759</u>
<i>Total Net Position</i>	<u><u>\$ 20,298,570</u></u>

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2024*

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position	
		Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities	
<b>Instruction:</b>						
Regular	\$ 7,062,653	\$ 333,084	\$ 360,039	\$ 0	\$ (6,369,530)	
Special	1,834,765	108,822	734,815	0	(991,128)	
Vocational	474,446	0	95,937	0	(378,509)	
Student Intervention Services	18,748	0	0	0	(18,748)	
Other	115,426	0	0	0	(115,426)	
<b>Support Services:</b>						
Pupil	395,855	35,157	7,016	0	(353,682)	
Instructional Staff	544,245	0	26,115	0	(518,130)	
Board of Education	20,792	0	0	0	(20,792)	
Administration	1,008,790	0	0	0	(1,008,790)	
Fiscal	507,714	0	0	0	(507,714)	
Business	73,191	0	5,992	0	(67,199)	
Operation and Maintenance of Plant	1,435,266	0	11,477	0	(1,423,789)	
Pupil Transportation	612,650	5,357	0	0	(607,293)	
Central	315,992	3,419	0	0	(312,573)	
Operation of Non-Instructional Services	735,604	378,832	211,541	0	(145,231)	
Extracurricular Activities	979,001	533,518	38,454	0	(407,029)	
Capital Outlay	341,598	0	5,000	32,500	(304,098)	
<b>Debt Service:</b>						
Principal Retirement	535,000	0	0	0	(535,000)	
Interest and Fiscal Charges	306,750	0	0	0	(306,750)	
<i>Total Governmental Activities</i>	<u>\$ 17,318,486</u>	<u>\$ 1,398,189</u>	<u>\$ 1,496,386</u>	<u>\$ 32,500</u>	<u>(14,391,411)</u>	
<b>General Receipts</b>						
Property Taxes Levied for:						
General Purposes					4,610,451	
Debt Service					628,321	
Capital Outlay					203,144	
Income Taxes Levied for General Purposes					3,320,975	
Grants and Entitlements Not Restricted to Specific Programs					7,199,053	
Interest					382,575	
Payment in Lieu of Taxes					500	
Miscellaneous					<u>129,439</u>	
<i>Total General Receipts</i>					<u>16,474,458</u>	
<i>Change in Net Position</i>					<u>2,083,047</u>	
<i>Net Position Beginning of Year</i>					<u>18,215,523</u>	
<i>Net Position End of Year</i>					<u><u>\$ 20,298,570</u></u>	

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*June 30, 2024*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 10,728,108	\$ 6,729,895	\$ 1,457,963	\$ 18,915,966
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	70,953	0	0	70,953
<i>Total Assets</i>	<u><u>\$ 10,799,061</u></u>	<u><u>\$ 6,729,895</u></u>	<u><u>\$ 1,457,963</u></u>	<u><u>\$ 18,986,919</u></u>
<b>Fund Balances</b>				
Restricted	\$ 70,953	\$ 6,729,895	\$ 1,452,963	\$ 8,253,811
Committed	0	0	5,000	5,000
Assigned	342,439	0	0	342,439
Unassigned	10,385,669	0	0	10,385,669
<i>Total Fund Balances</i>	<u><u>\$ 10,799,061</u></u>	<u><u>\$ 6,729,895</u></u>	<u><u>\$ 1,457,963</u></u>	<u><u>\$ 18,986,919</u></u>

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2024*

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<b>Total Governmental Fund Balances</b>	\$18,986,919
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*Amounts reported for governmental activities in the statement of net position are different because:*

An internal service fund is used by management to charge the cost of insurance to individual funds. The cash and cash equivalents of the internal service fund are included in governmental activities on the statement of net position.

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	1,311,651
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<i>Net Position of Governmental Activities</i>	<u><u>\$20,298,570</u></u>
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See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2024*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$ 4,610,451	\$ 628,321	\$ 203,144	\$ 5,441,916
Income Tax	3,320,975	0	0	3,320,975
Intergovernmental	7,738,489	6,698	941,840	8,687,027
Interest	382,575	0	0	382,575
Tuition and Fees	392,496	0	0	392,496
Extracurricular Activities	38,576	0	521,073	559,649
Customer Sales and Services	0	0	376,844	376,844
Rentals	52,650	0	0	52,650
Gifts and Donations	14,187	0	68,454	82,641
Payment in Lieu of Taxes	500	0	0	500
Miscellaneous	26,612	0	75,751	102,363
<i>Total Receipts</i>	<i>16,577,511</i>	<i>635,019</i>	<i>2,187,106</i>	<i>19,399,636</i>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	6,475,198	0	402,559	6,877,757
Special	1,478,598	0	315,079	1,793,677
Vocational	459,153	0	5,021	464,174
Student Intervention Services	18,748	0	0	18,748
Other	108,578	0	0	108,578
Support Services:				
Pupil	307,257	0	88,598	395,855
Instructional Staff	493,685	0	33,440	527,125
Board of Education	20,792	0	0	20,792
Administration	988,246	0	0	988,246
Fiscal	484,236	12,266	4,364	500,866
Business	67,653	0	5,538	73,191
Operation and Maintenance of Plant	1,315,864	0	98,858	1,414,722
Pupil Transportation	567,532	0	38,270	605,802
Central	293,034	0	19,534	312,568
Operation of Non-Instructional Services	0	0	711,636	711,636
Extracurricular Activities	448,841	0	530,160	979,001
Capital Outlay	15,265	0	326,333	341,598
Debt Service:				
Principal Retirement	0	535,000	0	535,000
Interest and Fiscal Charges	0	306,750	0	306,750
<i>Total Disbursements</i>	<i>13,542,680</i>	<i>854,016</i>	<i>2,579,390</i>	<i>16,976,086</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>3,034,831</i>	<i>(218,997)</i>	<i>(392,284)</i>	<i>2,423,550</i>
<b>Other Financing Sources</b>				
Sale of Capital Assets	1,897	0	0	1,897
Transfers In	0	4,560,000	84,068	4,644,068
Transfers Out	(4,644,068)	0	0	(4,644,068)
<i>Total Other Financing Sources</i>	<i>(4,642,171)</i>	<i>4,560,000</i>	<i>84,068</i>	<i>1,897</i>
<i>Net Change in Fund Balances</i>	<i>(1,607,340)</i>	<i>4,341,003</i>	<i>(308,216)</i>	<i>2,425,447</i>
<i>Fund Balances Beginning of Year</i>	<i>12,406,401</i>	<i>2,388,892</i>	<i>1,766,179</i>	<i>16,561,472</i>
<i>Fund Balances End of Year</i>	<i>\$ 10,799,061</i>	<i>\$ 6,729,895</i>	<i>\$ 1,457,963</i>	<i>\$ 18,986,919</i>

See accompanying notes to the basic financial statements

**Anna Local School District**

**Shelby County, Ohio**

*Reconciliation of the Statement of Cash Receipts, Disbursements, and Changes  
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Fiscal Year Ended June 30, 2024*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$2,425,447</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the District-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.	<u>(342,400)</u>
Change in Net Position of Governmental Activities	<u><u>\$2,083,047</u></u>

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes*  
*In Cash Basis Fund Balance - Budget and Actual – Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2024*

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
<b>Receipts</b>				
Property Taxes	\$ 3,105,170	\$ 4,668,193	\$ 4,610,451	\$ (57,742)
Income Tax	4,310,853	3,401,020	3,320,975	(80,045)
Intergovernmental	7,235,624	7,872,925	7,738,489	(134,436)
Interest	357,714	389,221	382,575	(6,646)
Tuition and Fees	314,287	341,968	336,129	(5,839)
Rentals	49,229	53,565	52,650	(915)
Payments in Lieu of Taxes	468	509	500	(9)
Miscellaneous	24,509	26,667	26,212	(455)
<b>Total Receipts</b>	<b>15,397,854</b>	<b>16,754,068</b>	<b>16,467,981</b>	<b>(286,087)</b>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	5,515,684	7,209,980	6,447,164	762,816
Special	1,267,558	1,472,370	1,509,598	(37,228)
Vocational	393,618	481,200	459,153	22,047
Student Intervention Services	16,072	14,800	18,748	(3,948)
Other	93,081	104,000	108,578	(4,578)
Support Services:				
Pupil	230,993	258,000	269,452	(11,452)
Instructional Staff	423,221	480,700	493,685	(12,985)
Board of Education	17,824	21,000	20,792	208
Administration	847,194	1,044,400	988,246	56,154
Fiscal	415,121	486,800	484,236	2,564
Business	57,997	69,000	67,653	1,347
Operation and Maintenance of Plant	1,128,051	1,396,200	1,346,484	49,716
Pupil Transportation	486,528	722,400	698,864	23,536
Central	249,040	228,700	291,065	(62,365)
Extracurricular Activities	384,778	576,100	448,841	127,259
Capital Outlay	13,086	446,350	184,285	262,065
<b>Total Disbursements</b>	<b>11,539,846</b>	<b>15,012,000</b>	<b>13,836,844</b>	<b>1,175,156</b>
<b>Excess of Receipts Over Disbursements</b>	<b>3,858,008</b>	<b>1,742,068</b>	<b>2,631,137</b>	<b>889,069</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Assets	1,774	1,930	1,897	(33)
Refund of Prior Year Expenditures	374	407	400	(7)
Transfers Out	(3,981,221)	(4,644,068)	(4,644,068)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(3,979,073)</b>	<b>(4,641,731)</b>	<b>(4,641,771)</b>	<b>(40)</b>
<b>Net Change in Fund Balance</b>	<b>(121,065)</b>	<b>(2,899,663)</b>	<b>(2,010,634)</b>	<b>889,029</b>
<b>Fund Balance Beginning of Year</b>	<b>11,873,244</b>	<b>11,873,244</b>	<b>11,873,244</b>	<b>0</b>
Prior Year Encumbrances Appropriated	90,535	90,535	90,535	0
<b>Fund Balance End of Year</b>	<b>\$ 11,842,714</b>	<b>\$ 9,064,116</b>	<b>\$ 9,953,145</b>	<b>\$ 889,029</b>

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Internal Service Fund*  
*June 30, 2024*

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	Governmental Activities Insurance
<b>Assets</b>	
Equity in Pooled Cash, Cash Equivalents and Investments	\$400,000
Cash and Cash Equivalents with Fiscal Agent	911,651
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<b>Net Position</b>	<hr/> <hr/>
Unrestricted	\$ 1,311,651

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Statement of Cash Receipts, Disbursements, and*  
*Changes in Fund Net Position - Cash Basis*  
*Internal Service Fund*  
*For the Fiscal Year Ended June 30, 2024*

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	Governmental Activities Insurance
<b>Operating Receipts</b>	
Charges for Services	<u>\$ 1,823,902</u>
<b>Operating Disbursements</b>	
Purchased Services	433,543
Claims	<u>1,764,355</u>
<i>Total Operating Disbursements</i>	<u>2,197,898</u>
<b>Operating Loss</b>	(373,996)
<b>Non-Operating Receipts</b>	
Interest	<u>31,596</u>
<i>Change in Net Position</i>	(342,400)
<i>Net Position - Beginning of Year</i>	<u>1,654,051</u>
<i>Net Position - End of Year</i>	<u>\$1,311,651</u>

See accompanying notes to the basic financial statements

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 1 –DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY**

Anna Local School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and federal agencies.

The District serves an area of approximately 70 square miles. It is located in Shelby County, and includes all of the Villages of Anna and Kettlersville and all or part of Van Buren, Dinsmore, Franklin, Turtle Creek, Salem and McLean Townships. It is staffed by 55 non-certified employees, 70 certified full-time teaching personnel, and seven administrative employees who provide services to 1,080 students and other community members. The District currently operates two instructional buildings and one vocational agriculture building.

***Reporting Entity***

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

Component units are legally separate organizations for which the District is financially accountable and for which a financial benefit or burden relationship exists. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District is financially accountable for an organization if an organization is fiscally dependent on the District and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on the District regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. Component units may also include organizations that do not otherwise meet the criteria for inclusion if it is determined that their exclusion would be misleading. Anna Local School District does not have any component units.

The District participates in three jointly governed organizations and three insurance purchasing pools. A jointly governed organization is governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility on the part of the participating governments. An insurance purchasing pool is an organization formed by a group of governments to pool funds or resources to purchase commercial insurance policies. These organizations are discussed in Notes 12 and 13 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Western Ohio Computer Organization  
Southwestern Ohio Educational Purchasing Council  
Anna Local Schools Education Foundation

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY (continued)**

Insurance Purchasing Pools:

Ohio School Boards Association Workers' Compensation Group Rating Plan  
Jefferson Health Plan Consortium  
Ohio School Plan

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

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America, the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting.

This basis of accounting is similar to the cash receipts and disbursements basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the fund statements versus budgetary disbursements are due to encumbrances outstanding at the end of the fiscal year, and certain funds are added to the General Fund (cash basis), but have separate legally adopted budgets.

***A. Fund Accounting***

The 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 District functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are divided into three categories: governmental, proprietary, and fiduciary.

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

1. Total assets, receipts, or disbursements of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

*General Fund* - The General 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 balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Bond Retirement Fund* - The Bond Retirement Fund accounts for property tax revenues and State exemption reimbursements collected for the payment of general obligation bonded debt.

The other governmental funds of the District are used to account for property tax revenues and exemption reimbursements collected for capital improvements, grants, and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

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

*Internal Service Fund* – An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is a self-insurance fund that accounts for medical, prescription, and dental claims of the District's employees.

*Fiduciary Funds* - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any fiduciary funds.

***B. Basis of Presentation***

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

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

The activity of the internal service fund is eliminated to avoid “doubling up” of receipts and disbursements.

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities compares disbursements with program receipts for each function of the District's governmental activities. These disbursements are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the District's general receipts.

***Fund Financial Statements:*** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include claims and purchased services. The fund statement reports all other receipts and disbursements as nonoperating.

***C. Cash, Cash Equivalents and Investments***

The District pools cash from all funds for investment purposes. Interest in the pool is presented as "equity in pooled cash, cash equivalents and investments" on the financial statements.

The District values investments and cash equivalents at cost.

Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Interest received into the General Fund during fiscal year 2024 was \$382,575, which included \$109,222 assigned from other funds.

For presentation on the financial statements, investments with an original maturity of three months or less when purchased are deemed cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2024, the District invested in U.S. Government Agency securities, municipal bonds, STAR Ohio, commercial paper, a U.S. Government money market mutual fund, and negotiable certificates of deposit (CD's).

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

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

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

The District participates in the Jefferson Health Plan insurance consortium for self-insurance. These monies are reflected on the Statement of Net Position as “cash and cash equivalents with fiscal agent.” The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

***D. Inventory and Prepaid Items***

On the cash basis of accounting, inventories of supplies are reported as disbursements when purchased.

***E. Capital Assets***

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

***F. 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 cash basis of accounting.

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

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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.

***H. Fund Balance***

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

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

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

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

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

**Assigned** – Amounts in the assigned classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned balance represents the remaining amount that is not restricted or committed. In the general fund, assigned balances represent intended uses established by policies of the Board of Education.

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

The District applies committed resources first and then assigned resources when a disbursement is incurred for purposes which committed, assigned and unassigned fund balance is available.

***I. Net Position***

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. Net position restricted for other purposes primarily includes resources restricted for food service operations, school facilities maintenance, athletics, student activities, and federal and state grants.

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

***J. Internal Activity***

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the financial statements.

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

***K. Budgetary Data***

All funds are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and appropriation resolution, which are prepared on the budgetary basis of accounting. 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 first digit object level within the General Fund and at the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of control within the General Fund was established at the first digit object level of expenditures, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue 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 original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the certificate that was in effect at the time final appropriations were passed by the Board.

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

***L. Long-Term Obligations***

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA, or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported when paid.

***M. Leases and SBITA's***

The District is the lessee in a noncancelable copier lease. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

The District has entered into noncancelable SBITA contracts (as defined by GASB 96) for several types of software including contracts related to financial systems, scheduling, curriculum, grading systems, document storage, and various other software. Subscription liabilities are not reflected under the District's cash basis of accounting. Subscription disbursements are recognized when they are paid.

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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

***N. Receipts***

**Program Receipts**

In the statement of activities, receipts that are derived directly from each activity or from parties outside the District's taxpayers are reported as program receipts. The District has the following program receipts: charges for services and sales, operating and capital grants, contributions, and interest. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

***O. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General fund represent amounts required by State statute to be set aside for the replacement of school buses.

***P. New Accounting Pronouncements***

For fiscal year 2024, GASB Statement No. 100, Accounting Changes and Error Corrections was effective. This GASB pronouncement had no effect on beginning net position/fund balance as the School District had no accounting changes or error corrections related to fiscal year 2024.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

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

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

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

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

At June 30, 2024, the District's self-insurance internal service fund had a balance of \$911,651 with the Jefferson Health Plan Consortium, a claims servicing pool (see Note 13). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement No. 3. The classification of cash and cash equivalents for the Jefferson Health Plan Consortium as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan Consortium, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

#### ***A. Deposits***

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

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be 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, 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.

#### ***6. Investments***

As of June 30, 2024, the District had the following investments and maturities:

Investment Type	Investment Maturities				
	Carrying Value	Less Than One Year	One to Three Years	Three to Five Years	More Than Five Years
Federal Farm Credit Bank	\$4,494,499	\$599,921	\$897,453	\$1,797,575	\$1,299,175
Federal Home Loan Bank	6,393,500	500,000	4,394,700	1,199,175	200,000
Federal Home Loan Mortgage Corp	2,397,570	299,970	1,199,850	897,750	0
Municipal Bonds	1,606,526	0	312,546	705,837	588,143
First American Treasury Obligation	1,682	1,682	0	0	0
STAR Ohio	843,887	843,887	0	0	0
Negotiable CD's	2,275,000	1,230,000	200,000	845,000	0
Commercial Paper	355,375	355,375	0	0	0
US Treasury Bill	379,282	379,282	0	0	0
Total	<u>\$18,747,321</u>	<u>\$4,210,117</u>	<u>\$6,986,549</u>	<u>\$5,445,337</u>	<u>\$2,087,318</u>

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 3 – DEPOSITS AND INVESTMENTS (continued)**

**Interest Rate Risk:** State statute limits the maturity of investments to five years unless matched to a specific obligation or debt of the District. The District does not have a formal investment policy that further limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Concentration of Credit Risk:** The District places no limit on the amount it may invest in any one issuer. At June 30, 2024, 24% of the District's investments were in the Federal Farm Credit Bank, 34% were in the Federal Home Loan Bank, 13% were in the Federal Home Loan Mortgage Corporation, and 5% were in STAR Ohio.

**Credit Risk:** State statute limits investments in corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The District has no investment policy that would further limit its investment choices. The District's investments in the Federal Farm Credit Bank, the Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation were rated AAA by Moody's Investors Service and AA+ by Standard & Poor's at June 30, 2024. The District's investments in municipal bonds were rated A1, Aa1, and Aa3 by Moody's Investor's Service and AA, AA+, or AAA by Standard and Poor's. STAR Ohio and the First American Treasury Obligation Fund carry a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in commercial paper were rated P-1 by Moody's Investors Service and A-1 or A-1+ by Standard and Poor's at June 30, 2024. The negotiable certificates of deposit are not rated, but are fully insured by the FDIC.

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

#### **NOTE 4 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 4 - PROPERTY TAXES (continued)**

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023, and are collected in 2024 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 Shelby County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2024 taxes were collected are:

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$182,226,720	97.26%	\$241,471,530	97.66%
Public Utility – Personal	5,273,090	2.74	5,777,580	2.34
Total Assessed Value	<u>\$187,499,810</u>	<u>100.00%</u>	<u>\$247,249,110</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$32.36		\$32.36	

**NOTE 5 - INCOME TAX**

The District levies a voted tax of 1.50 percent for general operations on the income of residents and of estates. The first .50 percent tax was effective on January 1, 1983. An additional .75 percent tax became effective January 1, 2011, and an additional .25 percent tax became effective January 1, 2017. All are a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts credited to the General Fund for fiscal year 2024 were \$3,320,975.

**NOTE 6 – TAX ABATEMENTS OF OTHER GOVERNMENTS**

Tax abatement agreements are sometimes entered into by governmental entities to encourage economic development. The Village of Anna has entered into tax abatement agreements with homeowners and businesses that reduce the amount of property tax the District receives. As part of the agreements, the Village of Anna compensates the District \$250 for each home that has its property taxes abated under the agreements.

During fiscal year 2024, the District's property tax revenues were reduced by \$74,627 under tax abatement agreements entered into by the Village of Anna.

## **Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

### **NOTE 7 – RISK MANAGEMENT**

#### ***A. Property and Liability***

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 2024, the District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), an insurance purchasing pool (see Note 13). Each individual participant enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The District pays this annual premium to the OSP. The District contracts for general liability, property, and fleet insurance. Coverages provided include the following:

- Building and Contents – replacement cost
- Automobile Liability
- Uninsured Motorist
- General Liability

There has been no significant reduction in insurance coverage from last fiscal year, nor have there been any claims in excess of coverage limits in any of the past three years.

#### ***B. Workers' Compensation***

For fiscal year 2024, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgewick provides administrative, cost control, and actuarial services to the GRP.

#### ***C. Self-Insurance***

The District offers medical, prescription, and dental insurance to all employees through a self-insurance internal service fund. The network provider is Medical Mutual and the prescription benefit manager is CVS. Self-Funded Plan, Inc. (SFPI), serves as the third party administrator for the District through the Jefferson Health Plan Consortium. The District also offers vision and life insurance to most employees through Vision Service Plan and Medical Life, respectively.

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 7 – RISK MANAGEMENT (continued)**

A comparison of self-insurance cash and investments to the actuarially measured liability as of June 30, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Cash and Investments	\$1,311,651	\$1,654,051
Actuarial Liability	\$382,616	\$308,299

#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS**

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/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 pension/OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

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

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

Plan Description – District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. In 2023, the Board of Trustees approved a 2.5% COLA for eligible retirees and beneficiaries in 2024.

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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

The District's contractually required contribution to SERS was \$319,122 for fiscal year 2024.

##### ***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 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 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.

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

**NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$868,466 for fiscal year 2024.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share of the net pension liability:

**Anna Local School District****Shelby County, Ohio***Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024***NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05291150%	0.04561180%	
Proportion of the Net Pension Liability			
Current Measurement Date	<u>0.05272470%</u>	<u>0.04606920%</u>	
Change in Proportionate Share	<u>-0.00018680%</u>	<u>0.00045740%</u>	
Proportionate Share of the Net Pension Liability	\$2,913,311	\$9,920,974	\$12,834,285

***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. Future benefits for all current plan members were projected through 2137.

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, 2023 are presented below:

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
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#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

Inflation	2.4 percent
Future Salary Increases, including inflation	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
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code (ORC) 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023, the target allocation and long-term expected rate of return for each major asset class is summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

**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.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$4,299,899	\$2,913,311	\$1,745,376

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

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

**NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

\* Final target rates reflected at October 1, 2022.

\*\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return,

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023.

***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:

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

**NOTE 8 – DEFINED BENEFIT PENSION PLANS (continued)**

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$15,256,261	\$9,920,974	\$5,408,780

**NOTE 9 – DEFINED BENEFIT OPEB PLANS**

The net OPEB liability (asset) is not reported on the face of the financial statements as a liability (asset) because of the use of the cash basis framework.

See note 8 for a description of the net OPEB liability.

***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 Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

## **Anna Local School District**

### **Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

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 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. 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 2024, the School District's surcharge obligation was \$35,881.

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 \$35,881 for fiscal year 2024.

#### ***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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	0.05383060%	0.04561180%	
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	<u>0.05372580%</u>	<u>0.04606920%</u>	
Change in Proportionate Share	<u>-0.00010480%</u>	<u>0.00045740%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$885,103	\$0	\$885,103
Net OPEB (Asset)	0	(895,982)	(895,982)

#### *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, 2023, are presented below:

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set 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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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 on April 15, 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 (expected return, net of investment expense and inflation) 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 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.

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023, the target asset allocation and long-term expected rates of return for each major asset class are as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	<u>5.00</u>	5.64
Total	<u>100.00 %</u>	

***Discount Rate*** The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, 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 was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

***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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	3.27%	4.27%	5.27%

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

	1% Decrease 5.75 % decreasing to 3.40%)	Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$650,255	\$885,103	\$1,196,309

#### ***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

## Anna Local School District

### Shelby County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

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

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

\*Final target rates reflected at of October 1, 2022.

\* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the 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, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	(6.00%)	(7.00%)	(8.00%)
District's proportionate share of the net OPEB asset	(\$758,332)	(\$895,892)	(\$1,015,861)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	(\$1,021,424)	(\$895,892)	(\$744,890)

**NOTE 10 – OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, board policy, State laws and individual negotiated contracts. Eligible classified employees and administrators earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time up to 45 days is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. For classified employees, sick leave may be accumulated up to a maximum of 216 days and is paid out at a rate of 25 percent of accrued, but unused sick leave upon retirement with five years of service, or upon separation with twenty years of service at the District. Upon retirement, payment to the Superintendent is made for 35 percent of accrued, unused sick leave credit. For teachers, sick leave may be accumulated without limit and is paid out upon retirement at a rate of 14 percent of accrued, but unused sick leave.

**B. Insurance Benefits**

The District is self-insured for medical, prescription, and dental insurance.

**Anna Local School District**

**Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

**NOTE 11 – LONG-TERM OBLIGATIONS**

The changes in the District's long-term obligations during fiscal year 2024 were as follows:

	<b>Principal Outstanding 6/30/23</b>	<b>Additions</b>	<b>Reductions</b>	<b>Principal Outstanding 6/30/24</b>
<b>General Obligations:</b>				
2016 School Facilities Construction and Improvement Bonds – Series A – 1.00-4.00%	\$4,420,000	\$0	\$285,000	\$4,135,000
2016 School Facilities Construction and Improvement Bonds – Series B - 1.00 – 4.00%	3,965,000	0	250,000	3,715,000
<b>Total General Obligations</b>	<b>\$8,385,000</b>	<b>\$0</b>	<b>\$535,000</b>	<b>\$7,850,000</b>

As of June 30, 2024, the 2016 Series A Bond Issue had \$300,000 due within a year, and the 2016 Series B Bond Issue had \$260,000 due within a year.

On August 18, 2016, the District issued \$11,160,000 bonds for the purpose of constructing, renovating, and improving school facilities under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission. The Series A bonds (\$5,910,000) are voted general obligation bonds and the Series B bonds (\$5,250,000) are unvoted general obligation bonds. Of the \$5,910,000 series A bonds, \$3,395,000 are serial bonds with maturity dates of December 1, 2017 to December 1, 2028, \$1,170,000 are term bonds maturing on December 1, 2031, and \$1,345,000 are term bonds maturing on December 1, 2034. Of the \$5,250,000 series B bonds, \$2,965,000 are serial bonds with maturity dates of December 1, 2017 to December 1, 2028, \$1,055,000 were term bonds maturing on December 1, 2013, and \$1,230,000 are term bonds maturing on December 1, 2034.

The Series A term bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date of redemption. The principal amount to be redeemed is \$370,000 on December 1, 2029, and \$390,000 on December 1, 2030. The remaining principal amount of these term bonds, \$410,000, will be paid at stated maturity on December 1, 2031.

The Series A term bonds maturing on December 1, 2034, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date of redemption. The principal amount to be redeemed is \$430,000 on December 1, 2032, and \$450,000 on December 1, 2033. The remaining principal amount of these term bonds, \$465,000, will be paid at stated maturity on December 1, 2034.

The Series B term bonds maturing on December 1, 2031, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date of redemption. The principal amount to be redeemed is \$335,000 on December 1, 2029, and \$350,000 on December 1, 2030. The remaining principal amount of these term bonds, \$370,000, will be paid at stated maturity on December 1, 2031.

## Anna Local School District

### Shelby County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 11 – LONG-TERM OBLIGATIONS (continued)**

The Series B term bonds maturing on December 1, 2034, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount redeemed, plus accrued interest to the date of redemption. The principal amount to be redeemed is \$390,000 on December 1, 2032, and \$410,000 on December 1, 2033. The remaining principal amount of these term bonds, \$430,000, will be paid at stated maturity on December 1, 2034.

The Bonds are being paid from the Bond Retirement Debt Service Fund.

The District's overall legal debt margin was \$21,132,315 at June 30, 2024, and the unvoted debt margin was \$247,249 at June 30, 2024.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2024, are as follows:

Year	Governmental Activities			
	2016 Series A School		2016 Series B School	
	Construction and Improvement	General Obligation Bonds	Construction and Improvement	General Obligation Bonds
Year	Principal	Interest	Principal	Interest
2025	\$300,000	\$156,025	\$260,000	\$140,475
2026	305,000	147,300	270,000	132,800
2027	325,000	134,700	285,000	121,700
2028	335,000	121,500	300,000	110,000
2029	355,000	107,700	315,000	97,500
2030-2034	2,050,000	306,000	1,855,000	279,100
2035	465,000	9,300	430,000	8,600
Totals	\$4,135,000	\$982,525	\$3,715,000	\$890,175

#### **NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

##### **A. Western Ohio Computer Organization**

The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is a council of governments within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board is made up of two representatives from each county. Ideally one of the two representatives is the superintendent of the Educational Service Center of the county so that all districts are represented. Payments to WOCO are made from the General Fund. The District paid WOCO \$84,037 for services provided during fiscal year 2024. Financial information can be obtained from the WOCO Fiscal Officer, at 129 East Court Street, Sidney, Ohio 45365.

## **Anna Local School District**

### **Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

##### **B. Southwestern Ohio Educational Purchasing Council**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 200 school districts. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

The Council exercises total control over the operations of the Council, including budgeting, appropriating, contracting, and designating management. Each member's degree of control is limited to its representation on the Council. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. During fiscal year 2024, the District did not pay any membership fees to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

##### **C. Anna Local Schools Education Foundation**

The Anna Education Foundation is a non-profit corporation whose purpose is to provide financial assistance for enhanced educational and/or career opportunities to residents, employees, and current and former students of the District. The board is made up of nine members, one of which is appointed by the Anna Local School Board. The remaining eight members are elected by the Board of Trustees. Seven of the nine trustees must be residents of the District. During fiscal year 2024, the District did not make any payments to the Anna Education Foundation. Information on this organization can be obtained from Alexander Counts, who serves as Treasurer, at Post Office Box 475, Anna, Ohio 45302.

#### **NOTE 13 - INSURANCE PURCHASING POOLS**

##### **A. Ohio School Boards Association Workers' Compensation Group Rating Plan**

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

## **Anna Local School District**

### **Shelby County, Ohio**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024*

#### **NOTE 13 - INSURANCE PURCHASING POOLS (continued)**

##### **B. Jefferson Health Plan Consortium**

The District participates in the Jefferson Health Plan (formerly known as Ohio Mid-Eastern Educational Service Agency OME-RESA) Self-Insurance Plan, a risk-sharing, claims servicing and insurance purchasing pool comprised of one hundred eighty members, including two insurance consortiums. Each participant appoints a member of the insurance plan's assembly. The Plan's business and affairs are conducted by a nine member Board of Directors elected from the assembly. The plan offers medical, dental, and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchase of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the participants. All participants pay a premium rate that is actuarially calculated based on the participants' actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all participants retain their own risks.

All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop-loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administration fee for fiscal services and third party administrative services.

##### **C. Ohio School Plan**

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a 12 member Board of Directors consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting claims management, accounting, system support services, sales, and marketing to the OSP. Hylant Administrative Service, LLC, also coordinates reinsurance brokerage services for the OSP.

#### **NOTE 14 - SET-ASIDE CALCULATIONS**

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

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 14 - SET-ASIDE CALCULATIONS (continued)**

The following information describes the change in the fiscal year-end 2024 set-aside amounts for capital improvements.

	<b>Capital Improvements</b>
Set Aside Restricted Balance June 30, 2023	\$ 0
Current Year Set Aside Requirement	242,245
Current Year Offsets from Tax Proceeds	<u>(242,245)</u>
Total	<u>(0)</u>
Balance Carried Forward to Fiscal Year 2025	\$ 0
Set Aside Restricted Balance June 30, 2024	<u><u>\$ 0</u></u>

The District had current year offsets that reduced the capital improvements set-aside below zero. These extra amounts may not be used to reduce the set-aside requirements in future fiscal years. In addition to the above statutory restrictions, the District also had monies for school bus replacements in the amounts of \$70,953. The total restricted balance for all set-asides at the end of the fiscal year was \$70,953.

**NOTE 15 – TRANSFERS**

During fiscal year 2024, the following transfers were made:

Fund	Transfer In	Transfer Out
<b>Governmental Funds:</b>		
General Fund	\$0	\$4,644,068
Bond Retirement Fund	4,560,000	0
Other Governmental Funds	84,068	0
Total	<u>\$4,644,068</u>	<u>\$4,644,068</u>

The transfers were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 16 – FUND BALANCE**

Fund balance of the governmental funds is classified as non-spendable, restricted, committed, assigned, and/or unassigned based on the constraints imposed on the use of the resources.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2024, were as follows:

Fund Balance	General	Bond Retirement	Other Governmental	Total
<b>Restricted for:</b>				
Bus Purchases	\$70,953	\$0	\$0	\$70,953
Capital Improvement	0	0	250,221	250,221
School Facilities Improvements	0	0	7,248	7,248
School Facilities Maintenance	0	0	671,944	671,944
Debt Retirement	0	6,729,895	0	6,729,895
Food Service Operations	0	0	356,916	356,916
Student Activities	0	0	116,047	116,047
Miami University Grant	0	0	4,321	4,321
Library Improvements	0	0	5,854	5,854
Athletics	0	0	40,412	40,412
<b>Total Restricted</b>	<b>70,953</b>	<b>6,729,895</b>	<b>1,452,963</b>	<b>8,253,811</b>
<b>Committed to:</b>				
Track Resurfacing	0	0	5,000	5,000
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>5,000</b>	<b>5,000</b>
<b>Assigned for:</b>				
Unpaid Obligations	304,736	0	0	304,736
Staff Flower Fund	11,352	0	0	11,352
Staff Awards	2,035	0	0	2,035
Wellness/Classroom Instruction	14,169	0	0	14,169
Student Awards/Speakers	10,147	0	0	10,147
<b>Total Assigned</b>	<b>342,439</b>	<b>0</b>	<b>0</b>	<b>342,439</b>
<b>Unassigned</b>	<b>10,385,669</b>	<b>0</b>	<b>0</b>	<b>10,385,669</b>
<b>Total Fund Balance</b>	<b>\$10,799,061</b>	<b>\$6,729,895</b>	<b>\$1,457,963</b>	<b>\$18,986,919</b>

**NOTE 17 – BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balance – Budget and Actual – Budget Basis presented for the General Fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The differences between the budget basis and cash basis are:

## Anna Local School District

Shelby County, Ohio

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

### **NOTE 17 – BUDGETARY BASIS OF ACCOUNTING**

- (1) outstanding year-end encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (cash), and,
- (2) some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

General Fund	
Net Change in Fund Balance	
Cash Basis	(\$1,607,340)
Adjustment for Encumbrances	(375,689)
Funds Budgeted Elsewhere**	(27,605)
<b>Budget Basis</b>	<b><u>(\$2,010,634)</u></b>

\*\*As part of GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes uniform school supplies fund, principal funds, and student award funds.

### **NOTE 18 – CONTINGENCIES**

#### Federal and State Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

### **NOTE 19 – COVID-19**

The United States and the State of Ohio declared a state of emergency March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

**Anna Local School District**  
**Shelby County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

**NOTE 20 – COMPLIANCE AND ACCOUNTABILITY**

Ohio Administrative Code, Section 117-02-03 (B) requires the District to file annual financial reports which are prepared using accounting principles generally accepted in the United States of America (GAAP). For fiscal year 2024, the District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements rather than GAAP. The accompanying financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required annual financial report.

## **SUPPLEMENTARY INFORMATION**

ANNA LOCAL SCHOOL DISTRICT  
SHELBY COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
COVID-19 - National School Lunch Program - CN FOOD PRO SUPPLY	10.555	COVID-19, 2024	\$ 33,409
National School Lunch Program	10.555	2024	175,712
National School Lunch Program - Food Donation	10.555	2024	61,528
<b>Total National School Lunch Program and Child Nutrition Cluster</b>			<b>270,649</b>
<b>Total U.S. Department of Agriculture</b>			<b>270,649</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			
<i>Direct</i>			
Diesel Emission Reduction Act (DERA) National Grants	66.039	N/A	40,000
<b>Total U.S. Environmental Protection Agency</b>			<b>40,000</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	42,460
Special Education Cluster			
Special Education Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	250,379
COVID-19 - Special Education Grants to States (IDEA, Part B) - ARP IDEA	84.027X	COVID-19, 84.027X, 2023	12,581
<b>Total Special Education Grants to States (IDEA, Part B)</b>			<b>262,960</b>
<i>Consortium Amount Passed/Transferred to Midwest Regional Educational Service Center</i>			
Special Education Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024	3,575
<b>Total Special Education Cluster</b>			<b>266,535</b>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	17,486
Title IV-A Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	11,477
Title IV-A Student Support and Academic Enrichment Program - Stronger Connections Grant	84.424A	84.424F, 2024	5,000
<b>Total Title IV-A Student Support and Academic Enrichment Program</b>			<b>16,477</b>
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	8,095
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - State Activity Supplement	84.425U	COVID-19, 84.425U, 2024	285,724
<b>Total Education Stabilization Fund (ESF)</b>			<b>293,819</b>
<b>Total U.S. Department of Education</b>			<b>636,777</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 947,426</b>

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

**ANNA LOCAL SCHOOL DISTRICT  
SHELBY COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR § 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Anna Local School District under programs of the federal government for the fiscal year ended June 30, 2024 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Anna Local School District, it is not intended to and does not present the financial position, or changes in net position, or cash flows, of the Anna Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

**NOTE 2 – DE MINIMIS INDIRECT COST RATE**

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

**NOTE 3 – CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

**NOTE 5 – PASS-THROUGH FUNDS**

The Anna Local School District was awarded federal program allocations to be administered on their behalf by Midwest Regional Educational Service Center. For fiscal year 2024, the Anna Local School District's allocations were as follows:

<b>Grant/Program Name</b>	<b>ALN</b>	<b>Passed/Transferred to</b>	<b>Award Amount</b>
Special Education-Preschool Grants (IDEA)	84.173A	Midwest Regional Educational Service Center	\$ 3,575

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

Anna Local School District  
Shelby County  
1 McRill Way  
Anna, Ohio 45302

To the Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Anna Local School District, Shelby County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Anna Local School District's basic financial statements and have issued our report thereon dated November 8, 2024, wherein we noted Anna Local School 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 Anna Local School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Anna Local School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Anna Local School District's internal control.

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Anna Local School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

**Anna Local School District's Response to Finding**

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

**Purpose of this Report**

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



Julian & Grube, Inc.  
November 8, 2024

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

Anna Local School District  
Shelby County  
1 McRill Way  
Anna, Ohio 45302

To the Members of the Board of Education:

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Anna Local School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Anna Local School District's major federal programs for the fiscal year ended June 30, 2024. Anna Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, Anna Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

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.

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

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

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
November 8, 2024

ANNA LOCAL SCHOOL DISTRICT  
SHELBY COUNTY, OHIO

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024

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

ANNA LOCAL SCHOOL DISTRICT  
SHELBY COUNTY, OHIO

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024

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

Finding Number	2024-001
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Noncompliance

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

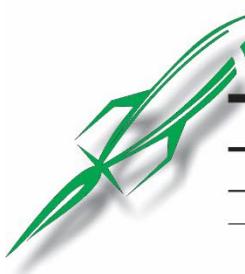
The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.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

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

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

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

None



# ANNA Local Schools

**#1 McRill Way \* P.O. Box 169 \* Anna OH 45302**

**Superintendent: Andy Bixler \* Treasurer: Cathy Doseck**

**Web: [www.anna.k12.oh.us](http://www.anna.k12.oh.us) \* School: 937-394-2011 \* Fax: 937-394-7658**

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**2 CFR § 200.511(b)**

**JUNE 30, 2024**

Finding Number	Year Initially Incurred	Finding Summary	Status	Additional Information
2023-001	2016	<u>Noncompliance</u> - Ohio Admin. 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 (GAAP). However, the District prepares its annual financial report on a cash basis, which is a comprehensive basis of accounting other than GAAP.	Not Corrected	Finding repeated as 2024-001 as the District did not prepare its annual financial report in accordance with GAAP.



**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**JUNE 30, 2024**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipation Completion Date</b>	<b>Responsible Contact Person</b>
2024-001	The District has decided not to file financial statements according to generally accepted accounting principles due to the expense of the reports and the time required of the treasurer to compile the data for the reports. The Board also believes that the District does not have a real need for the GAAP reports, as GAAP reports were not requested during the process to secure financing for the OFCC project.	Not Applicable	Cathy Doseck, Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



ANNA LOCAL SCHOOL DISTRICT

SHELBY 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 5/29/2025

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)