



**CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2024**

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LAWRENCE COUNTY
JUNE 30, 2024**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Chesapeake Union Exempted Village School District
Lawrence County
10183 County Road 1
Chesapeake, Ohio 45619

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Chesapeake Union Exempted Village School District, Lawrence County, Ohio (School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Chesapeake Union Exempted Village School District, Lawrence County, Ohio as of June 30, 2024, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Notes 21 and 24 to the financial statements, during 2024, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections. The beginning balance was restated because of this and a change in major fund for 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
February 11, 2025

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Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Chesapeake Union Exempted Village School District's (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$6,824,765.
- The School District's net position of governmental activities increased by \$951,776.
- General revenues accounted for \$13,591,927 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$4,735,934 or 26 percent of total revenues of \$18,327,861.
- The School District had \$17,376,085 in expenses related to governmental activities; \$4,735,934 of these expenses was offset by program specific charges for services and sale, and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

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

The statement of net position and statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

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

These two statements report the School District's net position and changes to that position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets and required educational support services to be provided.

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

In the statement of net position and the statement of activities, the School District has only one kind of activity.

- **Governmental Activities.** Most of the School District's programs and services are reported here including instruction and support services.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 11. Fund financial statements provide detailed information about the School District's major fund – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major fund is the General Fund.

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

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2024 compared to 2023.

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Table 1
Net Position
Governmental Activities

	2024	2023
Assets:		
Current and Other Assets	\$ 12,147,990	\$ 12,902,058
Net OPEB Asset	982,912	1,293,012
Capital Assets, Net	16,022,227	15,177,426
Total Assets	<u>29,153,129</u>	<u>29,372,496</u>
Deferred Outflows of Resources:		
Pensions	2,959,771	3,356,197
OPEB	513,337	321,625
Total Deferred Outflows of Resources	<u>3,473,108</u>	<u>3,677,822</u>
Liabilities:		
Current and Other Liabilities	1,810,907	2,166,397
Long-Term Liabilities:		
Due Within One Year	330,487	421,249
Due in More than One Year:		
Net Pension Liabilities	13,581,715	13,772,940
Net OPEB Liabilities	823,439	704,639
Other Amounts	2,631,552	2,883,949
Total Liabilities	<u>19,178,100</u>	<u>19,949,174</u>
Deferred Inflows of Resources		
Pensions	1,096,857	1,554,285
OPEB	1,493,737	1,902,476
Property Taxes not Levied to Finance the Current Year	4,032,778	3,771,394
Total Deferred Inflows of Resources	<u>6,623,372</u>	<u>7,228,155</u>
Net Position:		
Net Investment in Capital Assets	13,798,823	12,562,907
Restricted	1,039,645	1,250,204
Unrestricted	(8,013,703)	(7,940,122)
Total Net Position	<u>\$ 6,824,765</u>	<u>\$ 5,872,989</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,.". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

Total net position of the School District as a whole increased in the amount of \$951,776. Current and other assets decreased primarily due to decreases in equity in pooled cash and cash equivalents, which was partially offset by increases in intergovernmental receivables and taxes receivable. Noncurrent assets increased due to an increase in capital assets, which was caused by capital asset additions which were partially offset by depreciation expense and deletions in 2024. The net OPEB asset also decreased in 2024 due to actuarial calculations. Deferred outflows of resources decreased primarily due to changes in the pensions' actuarial calculations. Deferred inflows of resources decreased primarily due to changes in the pensions and OPEB actuarial calculations which were partially offset by increases in property taxes not levied to finance current year operations. Long-term liabilities decreased primarily due to a decrease in the net pension liabilities as

Chesapeake Union Exempted Village School District*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)*

well as payments on long term debt obligations during the year, which was partially offset by an increase in the net OPEB liability. Table 2 shows the changes in net position for the fiscal years ended June 30, 2024 and June 30, 2023.

Table 2
Change in Net Position
Governmental Activities

	2024	2023
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 170,835	\$ 167,734
Operating Grants and Contributions	4,565,099	3,925,850
Total Program Revenues	4,735,934	4,093,584
General Revenues:		
Grants and Entitlements, Not Restricted to Specific Programs	9,173,596	9,230,395
Gifts and Donations, Not Restricted to Specific Programs	56,116	54,644
Investment Earnings	284,953	113,745
Miscellaneous	38,062	213,165
Gain on Sale of Capital Asset	5,675	1,223
Property Taxes	4,033,525	3,885,804
Total General Revenues	13,591,927	13,498,976
Total Revenues	18,327,861	17,592,560
Program Expenses		
Instruction		
Regular	7,561,020	7,327,251
Special	2,113,616	2,108,240
Other	72,078	71,077
Support Services		
Pupils	1,135,586	952,581
Instructional Staff	731,533	656,910
Board of Education	242,564	128,163
Administration	1,225,612	1,212,679
Fiscal	390,314	358,583
Business	6,872	-
Operation and Maintenance of Plant	1,089,049	763,699
Pupil Transportation	1,122,763	1,449,454
Central	279,819	381,282
Operation of Non-Instructional Services	836,688	741,768
Extracurricular Activities	511,679	556,247
Interest and Fiscal Charges	56,892	70,621
Total Expenses	17,376,085	16,778,555
Change in Net Position	951,776	814,005
Net Position at Beginning of Year	5,872,989	5,058,984
Net Position at End of Year	\$ 6,824,765	\$ 5,872,989

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Governmental Activities

Operating grants and contributions increased primarily because of increases in ESSER grants and 21st Century Learning grants. Overall, expenses increased \$597,530, which is primarily due to increases in operation and maintenance of plant expenses as well as changes in pension and OPEB liabilities and related deferred inflows and outflows.

Charges for services and sales comprised 1 percent of revenue for governmental activities, while operating grants and contributions comprised 25 percent of revenue for governmental activities of the School District for fiscal year 2024. Unrestricted grants and entitlements and property taxes made up 50 percent and 22 percent, respectively, of total revenues.

As indicated by governmental program expenses, instruction is emphasized. Regular instruction comprised 44 percent of governmental program expenses with special instruction comprising 12 percent of governmental expenses. Administration and operation and maintenance of plant support services also comprise a significant portion of total expenses, each of them accounting for 7 and 6 percent respectively, of total expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements, property taxes, and other general revenues.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2024	2024	2023	2023
Program Expenses				
Instruction:				
Regular	\$7,561,020	\$6,927,273	\$7,327,251	\$6,942,184
Special	2,113,616	179,348	2,108,240	375,348
Other	72,078	71,957	71,077	71,077
Support Services:				
Pupils	1,135,586	995,074	952,581	627,979
Instructional Staff	731,533	103,452	656,910	364,596
Board of Education	242,564	242,323	128,163	128,028
Administration	1,225,612	1,189,640	1,212,679	1,189,833
Fiscal	390,314	389,952	358,583	357,314
Business	6,872	6,872	-	-
Operation and Maintenance of Plant	1,089,049	914,012	763,699	646,531
Pupil Transportation	1,122,763	1,086,911	1,449,454	1,082,470
Central	279,819	244,691	381,282	350,438
Operation of Non-Instructional Services	836,688	(140,137)	741,768	34,204
Extracurricular Activities	511,679	371,891	556,247	444,348
Interest and Fiscal Charges	56,892	56,892	70,621	70,621
Total	<u>\$17,376,085</u>	<u>\$12,640,151</u>	<u>\$16,778,555</u>	<u>\$12,684,971</u>

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

THE SCHOOL DISTRICT'S FUNDS

The governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$18,421,617 and expenditures and other financing uses of \$19,315,176.

The fund balance of the General Fund decreased \$507,385. This decrease was due to total expenditures and transfers out exceeding revenues. Expenditures increased from the prior year primarily due to increased capital outlay for 2024.

General Fund Budgeting Highlights

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

During 2024, there were several revisions to the General Fund budget. In part, these revisions increased estimated revenues and other financing sources by \$204,602. The increase in estimated resources was due to increases in property tax revenues. The Treasurer has been given the authority by the Board of Education to make line-item adjustments within the budget. The General Fund's ending unobligated cash balance was \$6,222,313.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2024, the School District had \$16,022,227 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and textbooks. Table 4 shows the fiscal year 2024 balances compared to 2023.

Table 4
Capital Assets
(Net of Depreciation)

	Governmental Activities	
	2024	2023
Land	\$257,668	\$257,668
Construction in Progress	135,800	32,700
Land Improvements	3,093,507	2,226,299
Buildings and Improvements	11,176,063	11,577,356
Furniture and Equipment	778,644	491,342
Vehicles	490,352	592,061
Textbooks	90,193	-
Totals	<u>\$16,022,227</u>	<u>\$15,177,426</u>

See Note 7 to the basic financial statements for more detailed information relating to capital assets.

Chesapeake Union Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Debt

At June 30, 2024, the School District had an outstanding General Obligation Bond issuance in the net amount of \$497,136 including accretion and premium. In June 2015, the District issued \$1,074,750 in bonds in order to finance a School Energy Performance Contract. The District has three financed purchase obligations. As of June 30, 2024, the outstanding balances of these obligations were \$1,726,268. See Notes 12 and 13 to the basic financial statements for more detailed information relating to debt.

Current Economic Issues

Chesapeake Union Exempted Village School District is considered to be a low wealth district. Therefore, as indicated in the preceding financial information, the State of Ohio provides the majority of the funding received by the School District. The future of our School District is difficult to predict. With careful planning and monitoring of our finances, Chesapeake Union Exempted Village School District's Board of Education is committed to providing a quality education for our students and securing a solid financial future for the School District.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Shelby Davidson, Treasurer, Chesapeake Union Exempted Village School District, 10183 County Road One, Chesapeake, Ohio 45619.

Chesapeake Union Exempted Village School District
Statement of Net Position
As of June 30, 2024

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 6,553,856
Prepaid Items	14,690
Intergovernmental Receivable	990,563
Taxes Receivable	4,588,881
Noncurrent Assets:	
Net OPEB Asset	982,912
Non-Depreciable Capital Assets	393,468
Depreciable Capital Assets, net	15,628,759
<i>Total Assets</i>	<u>29,153,129</u>
DEFERRED OUTFLOWS OF RESOURCES:	
Pensions:	
State Teachers Retirement System	2,571,711
School Employees Retirement System	388,060
OPEB:	
State Teachers Retirement System	155,059
School Employees Retirement System	358,278
<i>Total Deferred Outflows of Resources</i>	<u>3,473,108</u>
LIABILITIES:	
Current Liabilities:	
Accounts Payable	57,836
Accrued Wages and Benefits	1,403,862
Intergovernmental Payable	347,598
Accrued Interest Payable	1,611
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	330,487
Due in More Than One Year	
Net Pension Liability (See Note 9)	13,581,715
Net OPEB Liability (See Note 10)	823,439
Other Amounts Due in More Than One Year	2,631,552
<i>Total Liabilities</i>	<u>19,178,100</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions:	
State Teachers Retirement System	989,764
School Employees Retirement System	107,093
OPEB:	
State Teachers Retirement System	802,659
School Employees Retirement System	691,078
Property Taxes not Levied to Finance Current Year Operations	4,032,778
<i>Total Deferred Inflows of Resources</i>	<u>6,623,372</u>
NET POSITION:	
Net Investment in Capital Assets	13,798,823
Restricted for Debt Service	286,190
Restricted for Capital Outlay	621,246
Restricted for Other Purposes	132,209
Unrestricted (Deficit)	(8,013,703)
<i>Total Net Position</i>	<u>\$ 6,824,765</u>

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

Chesapeake Union Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2024

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 7,561,020	\$ 34,367	\$ 599,380	\$ (6,927,273)
Special	2,113,616	33,081	1,901,187	(179,348)
Other	72,078	121	-	(71,957)
Support Services:				
Pupils	1,135,586	7,316	133,196	(995,074)
Instructional Staff	731,533	28,701	599,380	(103,452)
Board of Education	242,564	241	-	(242,323)
Administration	1,225,612	2,673	33,299	(1,189,640)
Fiscal	390,314	362	-	(389,952)
Business	6,872	-	-	(6,872)
Operation and Maintenance of Plant	1,089,049	8,542	166,495	(914,012)
Pupil Transportation	1,122,763	2,553	33,299	(1,086,911)
Central	279,819	1,829	33,299	(244,691)
Operation of Non-Instructional Services	836,688	44,457	932,368	140,137
Extracurricular Activities	511,679	6,592	133,196	(371,891)
Interest and Fiscal Charges	56,892	-	-	(56,892)
<i>Total Governmental Activities</i>	<u>\$ 17,376,085</u>	<u>\$ 170,835</u>	<u>\$ 4,565,099</u>	<u>(12,640,151)</u>
General Revenues:				
Property Taxes Levied for:				
General Purposes				3,651,923
Capital Projects				381,602
Grants and Entitlements, Not Restricted to Specific Programs				9,173,596
Gifts and Donations, Not Restricted to Specific Programs				56,116
Investment Earnings				284,953
Gain on Sale of Capital Asset				5,675
Miscellaneous				38,062
<i>Total General Revenues</i>				<u>13,591,927</u>
<i>Change in Net Position</i>				951,776
<i>Net Position Beginning of Year</i>				<u>5,872,989</u>
<i>Net Position End of Year</i>				<u>\$ 6,824,765</u>

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

Chesapeake Union Exempted Village School District
Balance Sheet
Governmental Funds
As of June 30, 2024

	<u>General</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 5,587,782	\$ 966,074	\$ 6,553,856
Interfund Receivable	814,263	-	814,263
Prepaid Items	14,308	382	14,690
Intergovernmental Receivable	42,212	948,351	990,563
Taxes Receivable	4,154,814	434,067	4,588,881
<i>Total Assets</i>	<u>\$ 10,613,379</u>	<u>\$ 2,348,874</u>	<u>\$ 12,962,253</u>
LIABILITIES:			
Accounts Payable	\$ 57,836	\$ -	\$ 57,836
Accrued Wages and Benefits	1,224,157	179,705	1,403,862
Interfund Payable	-	814,263	814,263
Intergovernmental Payable	288,794	58,804	347,598
<i>Total Liabilities</i>	<u>1,570,787</u>	<u>1,052,772</u>	<u>2,623,559</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes not Levied to Finance Current Year Operations	3,648,686	384,092	4,032,778
Unavailable Revenue - Delinquent Taxes	376,568	36,337	412,905
Unavailable Revenue - Grants	-	326,707	326,707
<i>Total Deferred Inflows of Resources</i>	<u>4,025,254</u>	<u>747,136</u>	<u>4,772,390</u>
FUND BALANCES:			
Nonspendable	14,308	382	14,690
Restricted	-	976,014	976,014
Assigned	516,949	-	516,949
Unassigned (Deficit)	4,486,081	(427,430)	4,058,651
<i>Total Fund Balances</i>	<u>5,017,338</u>	<u>548,966</u>	<u>5,566,304</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 10,613,379</u>	<u>\$ 2,348,874</u>	<u>\$ 12,962,253</u>

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

Chesapeake Union Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
As of June 30, 2024*

Total Governmental Fund Balances		\$ 5,566,304
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,022,227
Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds.		
Taxes	412,905	
Intergovernmental	326,707	
Total		739,612
The net pension/OPEB liability (asset) is not due and payable (receivable) in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	2,959,771	
Deferred outflows of resources related to OPEB	513,337	
Deferred inflows of resources related to pensions	(1,096,857)	
Deferred inflows of resources related to OPEB	(1,493,737)	
Net Pension Liability	(13,581,715)	
Net OPEB Asset	982,912	
Net OPEB Liability	(823,439)	
Total		(12,539,728)
Long-term liabilities, including bonds, financed purchases, interest, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(738,635)	
Interest Payable	(1,611)	
Financed Purchases	(1,726,268)	
General Obligation Bonds and Premiums	(497,136)	
Total		(2,963,650)
Net Position of Governmental Activities		<u><u>\$ 6,824,765</u></u>

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

Chesapeake Union Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Permanent Improvement	All Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 3,642,134	\$ -	\$ 383,384	\$ 4,025,518
Intergovernmental	10,369,766	-	3,147,136	13,516,902
Interest	284,953	-	-	284,953
Tuition and Fees	7,882	-	-	7,882
Extracurricular Activities	4,176	-	91,551	95,727
Gifts and Donations	43,490	-	12,626	56,116
Customer Sales and Services	-	-	67,226	67,226
Miscellaneous	32,158	-	5,904	38,062
<i>Total Revenues</i>	<u>14,384,559</u>	<u>-</u>	<u>3,707,827</u>	<u>18,092,386</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	6,532,144	-	526,609	7,058,753
Special	1,560,303	-	614,898	2,175,201
Other	72,078	-	-	72,078
Support Services:				
Pupils	1,052,985	-	103,277	1,156,262
Instructional Staff	187,138	-	546,535	733,673
Board of Education	232,178	-	-	232,178
Administration	1,220,148	-	43,169	1,263,317
Fiscal	384,319	-	11,037	395,356
Business	-	-	6,872	6,872
Operation and Maintenance of Plant	694,683	-	159,017	853,700
Pupil Transportation	1,018,210	-	31,779	1,049,989
Central	220,919	-	31,950	252,869
Operation of Non-Instructional Services	3,507	-	846,713	850,220
Extracurricular Activities	235,401	-	116,574	351,975
Capital Outlay	911,657	-	1,175,486	2,087,143
Debt Service:				
Principal	214,114	-	175,726	389,840
Interest	28,604	-	33,590	62,194
<i>Total Expenditures</i>	<u>14,568,388</u>	<u>-</u>	<u>4,423,232</u>	<u>18,991,620</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(183,829)</u>	<u>-</u>	<u>(715,405)</u>	<u>(899,234)</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	-	-	323,556	323,556
Proceeds from Sale of Capital Assets	-	-	5,675	5,675
Transfers Out	(323,556)	-	-	(323,556)
<i>Total Other Financing Sources and Uses</i>	<u>(323,556)</u>	<u>-</u>	<u>329,231</u>	<u>5,675</u>
<i>Net Change in Fund Balances</i>	<u>(507,385)</u>	<u>-</u>	<u>(386,174)</u>	<u>(893,559)</u>
<i>Fund Balances at 6/30/2023 (as previously presented)</i>	<u>5,524,723</u>	<u>511,002</u>	<u>424,138</u>	<u>6,459,863</u>
Change within financial reporting entity (due to major fund reclass)	<u>-</u>	<u>(511,002)</u>	<u>511,002</u>	<u>-</u>
<i>Fund Balances at 6/30/2023 (as adjusted)</i>	<u>5,524,723</u>	<u>-</u>	<u>935,140</u>	<u>6,459,863</u>
<i>Fund Balances at End of Year</i>	<u>\$ 5,017,338</u>	<u>\$ -</u>	<u>\$ 548,966</u>	<u>\$ 5,566,304</u>

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

Chesapeake Union Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balances - Total Governmental Funds \$ (893,559)

*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	2,087,143	
Current Year Depreciation	(1,242,342)	
Total		844,801

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the gain on the disposal of capital assets and the proceeds from the sale of capital assets.

Proceeds from Sale of Capital Assets	(5,675)	
Gain on Disposal of Capital Assets	5,675	
Total		-

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

Taxes	8,007	
Intergovernmental	221,793	
Total		229,800

Repayment of bond and certificate of participation principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.

71,950

Repayment of financed purchase obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.

317,890

Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position.

3,797

The amortization of premium from the sale of bonds is recorded as a reduction of liability in the statement of net position, but does not result in an expenditure in the governmental funds.

1,505

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

1,271,725

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

(983,988)

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense (gain) in the statement of activities.

136,041

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

Increase in Compensated Absences		(48,186)
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Net Change in Net Position of Governmental Activities		<u><u>\$ 951,776</u></u>
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The notes to the basic financial statements are an integral part of this statement.

Chesapeake Union Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Total Revenues and Other Financing Sources	\$ 15,000,000	\$ 15,204,602	\$ 14,918,547	\$ (286,055)
Total Expenditures and Other Financing Uses	<u>14,806,300</u>	<u>14,806,300</u>	<u>15,145,068</u>	<u>(338,768)</u>
Net Change in Fund Balance	193,700	398,302	(226,521)	(624,823)
Fund Balance at Beginning of Year	6,042,534	6,042,534	6,042,534	-
Prior Year Encumbrances Appropriated	<u>406,300</u>	<u>406,300</u>	<u>406,300</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 6,642,534</u>	<u>\$ 6,847,136</u>	<u>\$ 6,222,313</u>	<u>\$ (624,823)</u>

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

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Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Chesapeake Union Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Lawrence County, and includes all of Union Township. It is staffed by 68 non-certificated employees and 99 certificated full-time teaching personnel who provide services to 1,318 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

Reporting Entity:

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

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

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- * Boosters Clubs
- * Parent Teacher Organizations

The School District is associated with five organizations, three of which are defined as jointly governed organizations, one as an insurance purchasing pool and one as a shared risk pool. These organizations are the Metropolitan Educational Technology Association (META), the Collins Career Center, the Coalition of Rural and Appalachian Schools, the Better Business Bureau of Central Ohio's Workers' Compensation Retrospective Group Rating Program, and the Lawrence County Schools Council of Governments Health Benefits Program. These organizations are presented in Notes 15 and 16 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation

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

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The statements usually distinguish between those activities of the School District that are governmental and those that are classified as business-type. However, the School District has no activities that are classified as business-type.

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

Fund Financial Statements:

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

B. Fund Accounting

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

Governmental Funds

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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Fund Accounting (continued)

General Fund

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

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

Measurement Focus

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

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

C. Basis of Accounting

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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

Revenues – Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits. The deferred outflows of resources related to pension and other postemployment benefits are explained in Note 9 and Note 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, other postemployment benefits, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and other postemployment benefits are reported on the government-wide statement of net position. (See Note 9 and Note 10).

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

Expenses/Expenditures

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

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect amounts in the certificate of estimated resources at the time the permanent appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2024.

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

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as Equity in Pooled Cash and Cash Equivalents on the balance sheet and the statement of net position.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2024 amounted to \$284,953 in the General Fund.

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

During 2024, the School District's investments were limited to STAROhio, Cash equivalent fund, negotiable certificates of deposit, United States Treasury Notes, and United States Treasury Bills. Investments are

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents (continued)

reported at cost, except for STAR Ohio.

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

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 appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

F. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	8 years
Textbooks	6-15 years

G. Interfund Activity

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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Compensated Absences

Vacation and personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive severance benefits and those the School District has identified as probable of receiving payment in the future.

The accrual amount is based upon accumulated sick leave and accumulated vacation leave and employees' wage rates at year-end, taking into consideration any limits specified in the School District's severance policy.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

I. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

J. Fund Balance

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

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

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

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

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

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Fund Balance (continued)

amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

K. Estimates

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

L. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to their use by grantors.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The government-wide statement of net position reports \$1,039,645 in restricted net position, none of which is restricted by enabling legislation.

M. Interfund Balances

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

N. Bond Premiums, Discounts, Gains/Losses and Issuance Costs

On the government-wide financial statements, bond issuance costs are recorded as expenses. Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

Bond issuance costs and bond premiums are recognized as expenditures and other financing sources on the fund financial statements.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Pensions and Other PostEmployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/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.

P. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget and actual (budgetary basis) presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis); and
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	\$ (507,385)
Revenue Accruals	582,593
Expenditure Accruals	30,512
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	6,039
Encumbrances	(338,280)
Budget Basis	<u><u>\$ (226,521)</u></u>

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits 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 monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Deposits Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's deposits was provided by the Federal Deposit Insurance Corporation (FDIC) and by eligible securities pledged by the financial institution as a security for repayment.

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

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments Investments are reported at fair value. As of June 30, 2024, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Rating	Percent of Total Investment
Fair Value - Level One Inputs:				
Cash Equivalent Fund	\$9,322	Less than one year	N/A	0.17%
U.S. Treasury Notes	\$59,883	Less than one year	Aaa-Moody's	1.09%
U.S. Treasury Bills	\$228,100	Less than one year	Aaa-Moody's	4.14%
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	1,194,253	Less than two years	N/A	21.68%
Net Asset Value Per Share:				
STAROhio	4,016,841	Less than one year	AAAm-S&P	72.92%
Total Investments	<u>\$5,508,399</u>			<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. The Cash Equivalent Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy requires that, to the extent possible, investments will match anticipated cash flow requirements. No investment shall be made unless the Treasurer, at the time of making the investment, reasonably expects it can be held to its maturity. The School District will not directly invest in securities maturing more than five years from the date of the investment.

Credit Risk

The School District's investment policy limits investments to those authorized by State statute. STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk

The School District's investment policy places no limit on the amount it may invest in any one issuer.

NOTE 5 - PROPERTY TAXES

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

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

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

	<u>2023 Second-Half Collections</u>		<u>2024 First-Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 139,073,510	67.72%	\$ 139,097,030	67.60%
Public Utility	66,277,930	32.28%	66,664,850	32.40%
Total Assessed Value	<u>\$ 205,351,440</u>	<u>100.00%</u>	<u>\$ 205,761,880</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$ 22.50		 \$ 21.00	

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

School 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2024, was \$129,560 in the General Fund and \$13,638 in the Permanent Improvement Fund.

NOTE 6 - RECEIVABLES

Receivables at June 30, 2024, consisted of taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amount
Major Fund:	
General	\$ 42,212
Non-Major Special Revenue Funds:	
ESSER	621,644
21st Century	95,203
Title VI-B	87,904
Title I Supplemental School Improvement	8
Title I	132,471
Drug Free Schools	10,132
Preschool Restoration	989
Total Non-Major Special Revenue Funds	948,351
Total All Funds/Governmental Activities	<u>\$ 990,563</u>

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Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 7 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2024, was as follows:

	Ending Balance 6/30/2023	Additions	Deletions	Ending Balance 6/30/2024
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 257,668	\$ -	\$ -	\$ 257,668
Construction in Progress	32,700	135,800	(32,700)	135,800
Total Capital Assets, Not Being Depreciated	290,368	135,800	(32,700)	393,468
Capital Assets Being Depreciated				
Land Improvements	4,822,439	1,121,945	-	5,944,384
Buildings and Improvements	30,578,042	368,367	-	30,946,409
Furniture and Equipment	1,294,672	395,339	(13,720)	1,676,291
Vehicles	1,473,649	-	-	1,473,649
Textbooks	972,141	98,392	-	1,070,533
Total Capital Assets Being Depreciated	39,140,943	1,984,043	(13,720)	41,111,266
Less: Accumulated Depreciation:				
Land Improvements	(2,596,140)	(254,737)	-	(2,850,877)
Buildings and Improvements	(19,000,686)	(769,660)	-	(19,770,346)
Furniture and Equipment	(803,330)	(108,037)	13,720	(897,647)
Vehicles	(881,588)	(101,709)	-	(983,297)
Textbooks	(972,141)	(8,199)	-	(980,340)
Total Accumulated Depreciation	(24,253,885)	(1,242,342)	13,720	(25,482,507)
Total Capital Assets Being Depreciated, Net	14,887,058	741,701	-	15,628,759
Governmental Capital Assets, Net	\$ 15,177,426	\$ 877,501	\$ (32,700)	\$ 16,022,227

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$659,377
Special	5,309
Support Services:	
Instructional Staff	4,060
Board of Education	10,458
Administration	1,851
Operation and Maintenance of Plant	176,891
Pupil Transportation	103,341
Central	28,889
Operation of Non-Instructional Services	0
Extracurricular Activities	167,652
Facilities Acquisitions & Construction	84,514
Total Depreciation Expense	<u>\$1,242,342</u>

The School District's capital assets reported above include \$6,662,407 in fully depreciated capital assets that are still being utilized by the School District.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with USI Insurance Services. Coverage provided is as follows:

Commercial Property Coverage	\$66,439,318
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

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

For fiscal year 2024, the School District participated in the Better Business Bureau of Central Ohio's Workers' Compensation Retrospective Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to improve safety, accident prevention, and claims handling for the School District. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Compmanagement provides administrative, cost control, and actuarial services to the GRP.

The School District participates in the Lawrence County Schools Council of Governments Health Benefits Program (Council), a public entity shared risk pool (Note 16), consisting of government entities within the County offering medical insurance to their employees. Monthly premiums are paid to the Lawrence County Educational Service Center as fiscal agent, who in turns pays the claims on the District's behalf. The Council is responsible for the management and operations of the program. Upon termination of the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the fund of the Council.

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Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Chesapeake Union Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 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.

The District's contractually required contribution to SERS was \$305,299 for fiscal year 2024. Of this amount \$26,429 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective 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.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty 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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

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

The District's contractually required contribution to STRS Ohio was \$1,007,691 for fiscal year 2024. Of this amount, \$175,152 is reported as an intergovernmental payable.

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

The net pension liability disclosed as current year below was measured as of June 30, 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 projected contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability - Current Year	0.0488316%	0.050538890%	
Proportionate Share of the Net Pension Liability - Prior Year	<u>0.0494027%</u>	<u>0.049936100%</u>	
Change in Proportionate Share	<u>-0.0005711%</u>	<u>0.000602790%</u>	
Proportion of the Net Pension Liability	\$2,698,197	\$10,883,518	\$13,581,715
Pension Expense (Gain)	\$265,420	\$718,568	\$983,988

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	\$115,975	\$396,790	\$512,765
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	11,845	283,516	295,361
Changes of assumptions	19,113	896,317	915,430
School District contributions subsequent to the measurement date	<u>241,127</u>	<u>995,088</u>	<u>1,236,215</u>
Total	<u>\$388,060</u>	<u>\$2,571,711</u>	<u>\$2,959,771</u>

Deferred Inflows of Resources	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Differences between expected and actual economic experience	-	\$24,151	\$24,151
Differences between projected and actual investment earnings	37,926	32,618	70,544
Changes of assumptions	-	674,669	674,669
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	<u>69,167</u>	<u>258,326</u>	<u>327,493</u>
Total	<u>\$107,093</u>	<u>\$989,764</u>	<u>\$1,096,857</u>

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

\$1,236,215 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$7,678	(\$131,785)	(\$124,107)
2026	(126,928)	(376,543)	(503,471)
2027	157,080	1,131,235	1,288,315
2028	2,010	(36,048)	(34,038)
Total	<u>\$39,840</u>	<u>\$586,859</u>	<u>\$626,699</u>

Actuarial Assumptions - SERS

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

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.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, compared with June 30, 2022, are presented below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.4 percent	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for both 2023 and 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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>	

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – SERS (continued)

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$3,982,402	\$2,698,197	\$1,616,500

Changes in Benefit Terms and Assumptions since the prior measurement date There were not changes in benefit terms. The cost-of-living adjustments was increased from 2.00% to 2.50% for calendar year 2024.

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to those used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50 percent	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on age	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.00 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017

For 2023 and 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (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:

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

* Final target weights 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, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
District's proportionate share of the net pension liability	\$16,736,443	\$10,883,518	\$5,933,546

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

Assumptions and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00% for the June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 10- DEFINED BENEFIT OPEB PLANS

See Note 9 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

School Employees Retirement System of Ohio (SERS)

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 \$35,510. 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 \$35,510 for fiscal year 2024. Of this amount, \$35,510 is reported as an intergovernmental payable.

State Teachers Retirement System of Ohio (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 or by calling (888) 227-7877.

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

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

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

	SERS	STRS	Total
Proportionate Share of the Net			
OPEB (Asset) Liability - Current Year	0.0499828%	0.050538890%	
Proportionate Share of the Net			
OPEB (Asset) Liability - Prior Year	0.0501876%	0.049936100%	
Change in Proportionate Share	<u>-0.0002048%</u>	<u>0.000602790%</u>	
Proportion of the Net OPEB Liability	\$823,439	\$0	\$823,439
Proportion of the Net OPEB (Asset)	\$0	(\$982,912)	(\$982,912)
OPEB Expense (Gain)	(\$85,091)	(\$50,950)	(\$136,041)

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

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

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Outflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	\$1,715	\$1,532	\$3,247
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	36,242	6,974	43,216
Changes of assumptions	278,429	144,798	423,227
Differences between projected and actual investment earnings	6,382	1,755	8,137
School District contributions subsequent to the measurement date	35,510	-	35,510
Total	\$358,278	\$155,059	\$513,337
Deferred Inflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	\$424,680	\$0	\$424,680
Differences between projected and actual investment earnings	-	149,919	149,919
Changes of assumptions	233,865	648,510	882,375
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	32,533	4,230	36,763
Total	\$691,078	\$802,659	\$1,493,737

\$35,510 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	(\$131,270)	(\$283,901)	(\$415,171)
2026	(110,217)	(133,089)	(243,306)
2027	(62,005)	(50,612)	(112,617)
2028	(39,191)	(68,572)	(107,763)
2029	(26,366)	(62,804)	(89,170)
Thereafter	739	(48,622)	(47,883)
Total	(\$368,310)	(\$647,600)	(\$1,015,910)

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 compared with June 30, 2022 are presented below:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2048	2044
Municipal Bond Index Rate:		
Measurement Date	3.86 percent	3.69 percent
Prior Measurement Date	3.69 percent	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	4.27 percent	4.08 percent
Prior Measurement Date	4.08 percent	2.27 percent
Health Care Cost Trend Rate		
Medicare	5.125 to 4.40 percent	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent	7.00 to 4.40 percent

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

The following information in this paragraph is applicable to both 2023 and 2022. 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-2020The most recent experience study was completed for the five year period ended June 30, 2020.

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

The 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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>	

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 at June 30, 2022 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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) 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.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
District's proportionate share of the net OPEB liability	\$1,052,591	\$823,439	\$642,744
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
District's proportionate share of the net OPEB liability	\$604,952	\$823,439	\$1,112,964

Assumption and Benefit Term Changes Since the Prior Measurement Date The discount rate was changed from 4.08% to 4.27%. Healthcare trends were updated to reflect emerging claims and recoveries experience. Effective January 1, 2024, the non-Medicare disability health care subsidy amounts will change to reflect amounts equal to that of service retirees by years of service.

Actuarial Assumptions STRS

Key methods and assumptions used in the June 30, 2023, actuarial valuation and the June 30, 2022 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

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

For 2023 and 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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:

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

* Final target weights 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, 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 School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10 - DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net OPEB (asset) liability	(\$831,906)	(\$982,912)	(\$1,114,421)
	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
District's proportionate share of the net OPEB (asset) liability	(\$1,120,524)	(\$982,912)	(\$817,160)

Assumption and Benefit Term Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation. Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment up to two years of credit. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 45 to 70 days depending on the employee classification for personnel with ten or more years of service.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Guardian Life Insurance Company.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

Chesapeake Union Exempted Village School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 12 - LONG-TERM LIABILITIES**

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

	Principal Outstanding 6/30/2023	Additions	Deletions	Principal Outstanding 6/30/2024	Due in One Year
General Obligation Bonds:					
2015 Limited-Tax General Obligation Bonds					
Term Bonds - \$1,074,750 @ 3.52%	\$ 560,050	\$ -	\$ 71,950	\$ 488,100	\$ 74,500
Premium - \$22,581	10,541	-	1,505	9,036	-
Total General Obligation Bonds	570,591	-	73,455	497,136	74,500
Net Pension Liability:					
STRS	11,100,858	-	217,340	10,883,518	-
SERS	2,672,082	26,115	-	2,698,197	-
Total Net Pension Liability	13,772,940	26,115	217,340	13,581,715	-
Net OPEB Liability:					
STRS	-	-	-	-	*
SERS	704,639	118,800	-	823,439	-
Total OPEB Pension Liability	704,639	118,800	-	823,439	-
Financed Purchases	2,044,158	-	317,890	1,726,268	251,661
Compensated Absences	690,449	1,018,914	970,728	738,635	4,326
Total Long-Term Liabilities	\$ 17,782,777	\$ 1,163,829	\$ 1,579,413	\$ 17,367,193	\$ 330,487

*OPEB for STRS has a Net OPEB asset in the amount of \$982,912 as of June 30, 2024.

2015 Limited-Tax General Obligation Bonds – On June 18, 2015, the Chesapeake Union Exempted Village School District issued \$1,074,750 of General Obligation Bonds. The bonds were issued in order to finance a School Energy Performance Contract (House Bill 264) through the Ohio Facilities Construction Committee. The bonds mature in December 2029.

These bonds were issued with a premium of \$22,581 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2024 was \$1,505. The issuance costs of \$22,581 were expensed.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 12 - LONG-TERM LIABILITIES (continued)

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

Fiscal Year Ending June 30,	2015 General Obligation Bonds	
	Term Bonds	
	Principal	Interest
2025	74,500	\$ 15,870
2026	77,100	13,201
2027	79,800	10,440
2028	82,600	7,582
2029	85,550	4,622
2030	88,550	1,560
Totals	\$ 488,100	\$ 53,275

The School District's overall debt margin was \$18,030,469, with an unvoted debt margin of \$205,762, at June 30, 2024.

Compensated absences are being paid from the fund from which the employees' salaries are paid, with the General Fund being the most significant fund. The 2015 Limited-Tax General Obligation Bonds are being paid from the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 13 – FINANCED PURCHASES

A. Financed Purchase Obligations

During a previous fiscal year, the School District entered into a financed-purchase agreement for the installation of a new Heating, Ventilation, and Air Conditioning (HVAC) system in the amount of \$1,028,300. The School District is acquiring the equipment from T.M.I. Energy Solutions and will retain title to the project during the financed purchase term. This project was financed with Huntington National Bank and the School District is making annual payments each December. The original interest rate was fixed at 4.20 percent. During fiscal year 2022, the financed-purchase agreement was amended to reduce the interest rate to 1.90 percent for the remaining principal amount of \$627,000 which expires in fiscal year 2029. At the end of fiscal year 2024, the outstanding balance of the financed purchase was \$402,787. The financed purchase is being repaid from the General Fund.

During 2019, the School District entered into a financed purchase in order to repair the roof at the high school in the amount of \$314,000. This project was financed with Huntington National Bank and the School District is making annual payments each December. The interest rate is fixed at 3.20 percent and expires in fiscal year 2024. During fiscal year 2024, the financed purchase was paid off. The financed purchase was repaid from the Classroom Facilities Maintenance Fund.

During 2022, the School District entered into a financed purchase in order to pay off the \$1,625,000 in outstanding certificates of participation. This obligation was financed with Andover Bank and the School District is making annual payments each December. The interest rate was fixed at 2.38 percent. There were issuance costs of \$21,401 which were expensed. At the end of fiscal year 2024, the outstanding balance of the financed purchase was \$1,323,481. This financed purchase is being repaid from the Permanent Improvement Fund.

Chesapeake Union Exempted Village School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 13 – FINANCED PURCHASES (Continued)**

The following is a schedule of the future payments required under the Financed Purchases as of June 30, 2024:

Fiscal Year Ending June 30	Principal	Interest	Total
2025	251,661	39,152	\$ 290,813
2026	256,495	33,534	\$ 290,029
2027	266,327	27,809	\$ 294,136
2028	275,993	21,857	\$ 297,850
2029	195,484	15,683	\$ 211,167
2030-2033	480,308	28,956	\$ 509,264
Total	<u>\$ 1,726,268</u>	<u>\$ 166,991</u>	<u>\$ 1,893,259</u>

NOTE 14 - INTERFUND TRANSFERS AND ADVANCES

As of June 30, 2024, transfers were as follows:

	Transfer To	Transfer From
Major Fund:		
General Fund	\$ -	\$ 323,556
Non-Major Funds:		
District Managed Activities	37,500	-
Lunchroom	286,056	-
Total All Funds	<u>\$323,556</u>	<u>\$ 323,556</u>

Non-major funds received transfers in from the General Fund in order to avoid a negative fund balances.

	Interfund Receivable	Interfund Payable
Major Fund:		
General Fund	\$814,263	\$ -
Non-Major Funds:		
Student Managed Activities	-	2,540
Chapter 1	-	69,988
Other State Grants	-	1,610
ESSER	-	577,574
21st Century	-	95,203
Title VI-B	-	51,187
Title I Supplemental School Improvement	-	5,036
Drug Free Schools	-	10,132
Preschool Restoration	-	993
Total Non-Major Funds	<u>-</u>	<u>814,263</u>
Total All Funds	<u>\$814,263</u>	<u>\$ 814,263</u>

The General Fund advanced funds to several special revenue grant funds in fiscal year 2024, which is recorded as an interfund receivable/payable at year end. These amounts of \$814,263 are expected to be repaid in fiscal year 2025.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

Collins Career Center - The Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

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

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META \$74,862 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board of Directors of no more than 19 members, not including ex-officio members. The Board includes the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There is also one elected member from each of the eight multi-county regions. The eight elected members appoints eight additional members, one from each multi-county region. A County Region must have a minimum of five (5) active public school district members to qualify for an elected and an appointed member on the board of directors. The Coalition provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District did not utilize the services of the Coalition during the year.

The School District's membership fee was \$325 for fiscal year 2024. The financial information for the Coalition can be obtained from the Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

NOTE 16 - INSURANCE PURCHASING AND SHARED RISK POOLS

The Better Business Bureau of Central Ohio's Workers' Compensation Retrospective Group Rating Program (GRP) is an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The Lawrence County Schools Council of Governments Health Benefits Program (Council) is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a Board of Directors, which consists of the superintendent from each participating school district. The Council elects officers for one-year terms to serve on the Board of Directors. The Board of Directors exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the Council.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND BALANCE RESTRICTIONS

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

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

	Capital Improvements
Set-aside Balance as of June 30, 2023	\$ 106,644
Current year set-aside requirement	242,514
Current year qualifying expenditures	<u>(349,158)</u>
Set-aside Balance as of June 30, 2024	<u><u>\$ -</u></u>

NOTE 18 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

B. Litigation

The School District is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

C. School District Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, DEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the School District and does not anticipate any further FTE adjustments for FY 2024.

Chesapeake Union Exempted Village School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2024***NOTE 19 – FUND BALANCES**

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

<u>Fund Balances</u>	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable			
Prepaid Items	\$ 14,308	\$ 382	\$ 14,690
Restricted for			
Other Purposes	-	33,064	33,064
Student Managed Activity	-	20,320	20,320
Athletic	-	15,067	15,067
Miscellaneous Federal Grants	-	36,464	36,464
Capital Projects	-	584,909	584,909
Debt Services Payments	-	286,190	286,190
Total Restricted	-	976,014	976,014
Assigned to			
Other Purposes	516,949	-	516,949
Unassigned (Deficit)	4,486,081	(427,430)	4,058,651
Total Fund Balances	\$ 5,017,338	\$ 548,966	\$ 5,566,304

NOTE 20 – COMMITMENTS**Encumbrances**

At June 30, 2024, the School District had significant encumbrance commitments in governmental fund as follows:

<u>Fund</u>	<u>Amount</u>
Major Fund:	
General	\$343,908
Non-Major Funds:	
Food Service	21,497
21st Century	56,533
Elementary and Secondary School	
Emergency Relief	69,491
Miscellaneous Federal Grants	77,383
Total Non-Major Funds	224,904
Total Encumbrances	\$568,812

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 21 – NEW ACCOUNTING PRINCIPLES

For fiscal year 2024, the School District has implemented GASB Statement No. 100, “*Accounting Changes and Error Corrections*”, certain questions and answers of GASB Implementation Guide 2023-1 and certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 resulted in a change to the financial statements due to a change in major funds determination.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

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

NOTE 22 – OTHER MATTERS OF POTENTIAL SIGNIFICANCE

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June 2021 while the national state of emergency ended May 2023. The impact on the District’s future operating costs, revenues, and recovery from emergency funding (if any), either federal or state, cannot be estimated. During fiscal year 2024, the District did receive Coronavirus Aid, Relief, and Economic Security (CARES) Act funding.

NOTE 23 – ACCOUNTABILITY AND COMPLIANCE

Accountability – Fund Balance Deficits

At June 30, 2024, the Food Service, Title VI-B, Title I, Drug Free Schools, Preschool Restoration Grant, Other State Grants, 21st Century, Classroom Facilities Maintenance, and the Title I school Improvement nonmajor special revenue funds had fund balance deficits of \$64,286, \$111,936, \$133,739, \$10,132, \$993, \$1,610, \$95,203, \$6, and \$9,142 respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Chesapeake Union Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 24 – ADJUSTMENTS TO PRIOR YEAR FUND BALANCE

For fiscal year 2024, the beginning balances of various reporting units were restated or adjusted in accordance with GASB 100. An explanation of these adjustments or restatements are as follows:

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances		
Governmental Funds		
	Permanent Improvement Fund	All Other Governmental Funds
<i>Fund Balances at 6/30/2023 (as previously presented)</i>	\$ 511,002	\$ 424,138
<i>Change within financial reporting entity (due to major fund reclass)</i>	(511,002)	511,002
<i>Fund Balances at 6/30/2023 (as adjusted)</i>	<u>\$ -</u>	<u>\$ 935,140</u>

NOTE 25 - SUBSEQUENT EVENT

In July 2024, the School District was awarded from the Ohio Facilities Construction Commission the Appalachian Community Innovation Center Grant for approximately 10.3 million dollars. In connection with this, in November 2024 the School Board of Education awarded a contract to Geiger Brothers Inc. to be the Construction Manager At Risk for the project.

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Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.0488316%	0.0494027%	0.0481572%	0.0477791%	0.0470547%	0.0517002%	0.0487926%	0.0471409%	0.0481101%	0.0455230%
School District's proportionate share of the net pension liability	\$ 2,698,197	\$ 2,672,082	\$ 1,776,861	\$ 3,160,210	\$ 2,815,365	\$ 2,960,966	\$ 2,915,250	\$ 3,450,279	\$ 2,745,209	\$ 2,303,893
School District's covered payroll	\$ 1,658,929	\$ 1,650,836	\$ 1,582,921	\$ 1,599,050	\$ 1,597,422	\$ 1,701,230	\$ 1,711,114	\$ 1,806,900	\$ 1,448,323	\$ 1,322,799
School District's proportionate share of the net pension liability as a percentage of its covered payroll	162.65%	161.86%	112.25%	197.63%	176.24%	174.05%	170.37%	190.95%	189.54%	174.17%
Plan fiduciary net position as a percentage of the total pension liability	76.06%	75.82%	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

See accompanying notes to the required supplementary information

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability	0.050538890%	0.049936100%	0.052275143%	0.05107100%	0.05142338%	0.05158385%	0.05075978%	0.05131784%	0.05099761%	0.05318081%
School District's proportionate share of the net pension liability	\$ 10,883,518	\$ 11,100,858	\$ 6,683,847	\$ 12,357,365	\$ 11,371,971	\$ 11,342,130	\$ 12,058,095	\$ 17,177,628	\$ 14,094,248	\$ 12,935,413
School District's covered payroll	\$ 6,723,600	\$ 6,589,886	\$ 6,063,257	\$ 6,427,886	\$ 6,150,086	\$ 5,974,886	\$ 5,403,000	\$ 5,308,800	\$ 5,320,743	\$ 5,433,607
School District's proportionate share of the net pension liability as a percentage of its covered payroll	161.87%	168.45%	110.24%	192.25%	184.91%	189.83%	223.17%	323.57%	264.89%	238.06%
Plan fiduciary net position as a percentage of the total pension liability	80.00%	78.88%	87.78%	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%

See accompanying notes to the required supplementary information

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 305,299	\$ 232,250	\$ 231,117	\$ 221,609	\$ 223,867	\$ 215,652	\$ 229,666	\$ 239,556	\$ 252,966	\$ 190,889
Contributions in relation to the contractually required contribution	<u>(305,299)</u>	<u>(232,250)</u>	<u>(231,117)</u>	<u>(221,609)</u>	<u>(223,867)</u>	<u>(215,652)</u>	<u>(229,666)</u>	<u>(239,556)</u>	<u>(252,966)</u>	<u>(190,889)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,180,707	\$ 1,658,929	\$ 1,650,836	\$ 1,582,921	\$ 1,599,050	\$ 1,597,422	\$ 1,701,230	\$ 1,711,114	\$ 1,806,900	\$ 1,448,323
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
See accompanying notes to the required supplementary information										

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 1,007,691	\$ 941,304	\$ 922,584	\$ 848,856	\$ 899,904	\$ 861,012	\$ 836,484	\$ 756,420	\$ 743,232	\$ 744,904
Contributions in relation to the contractually required contribution	<u>(1,007,691)</u>	<u>(941,304)</u>	<u>(922,584)</u>	<u>(848,856)</u>	<u>(899,904)</u>	<u>(861,012)</u>	<u>(836,484)</u>	<u>(756,420)</u>	<u>(743,232)</u>	<u>(744,904)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 7,197,793	\$ 6,723,600	\$ 6,589,886	\$ 6,063,257	\$ 6,427,886	\$ 6,150,086	\$ 5,974,886	\$ 5,403,000	\$ 5,308,800	\$ 5,320,743
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
See accompanying notes to the required supplementary information										

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Eight Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.0499828%	0.0501876%	0.0492822%	0.0494201%	0.0479220%	0.0518436%	0.0494663%	0.0476185%
School District's proportionate share of the net OPEB liability	\$ 823,439	\$ 704,639	\$ 932,706	\$ 1,074,062	\$ 1,205,138	\$ 1,438,282	\$ 1,327,546	\$ 1,357,304
School District's covered payroll	\$ 1,658,929	\$ 1,650,836	\$ 1,582,921	\$ 1,599,050	\$ 1,597,422	\$ 1,701,230	\$ 1,711,114	\$ 1,806,900
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	49.64%	42.68%	58.92%	67.17%	75.44%	84.54%	77.58%	75.12%
Plan fiduciary net position as a percentage of the total OPEB liability	30.02%	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Eight Years (1)

	2024	2023	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability (asset)	0.050538890%	0.049936100%	0.052275143%	0.05107100%	0.05142338%	0.05158385%	0.05075978%	0.05131784%
School District's proportionate share of the net OPEB liability (asset)	\$ (982,912)	\$ (1,293,012)	\$ (1,102,179)	\$ (897,572)	\$ (851,695)	\$ (828,900)	\$ 1,980,459	\$ 2,744,491
School District's covered payroll	\$ 6,723,600	\$ 6,589,886	\$ 6,063,257	\$ 6,427,886	\$ 6,150,086	\$ 5,974,886	\$ 5,403,000	\$ 5,308,800
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.62%	-19.62%	-18.18%	-13.96%	-13.85%	-13.87%	36.64%	51.70%
Plan fiduciary net position as a percentage of the total OPEB liability	168.50%	230.73%	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio
Last Nine Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 35,510	\$ 35,108	\$ 31,102	\$ 29,931	\$ 30,991	\$ 35,829	\$ 33,819	\$ 26,743	\$ 34,743
Contributions in relation to the contractually required contribution	<u>(35,510)</u>	<u>(35,108)</u>	<u>(31,102)</u>	<u>(29,931)</u>	<u>(30,991)</u>	<u>(35,829)</u>	<u>(33,819)</u>	<u>(26,743)</u>	<u>(34,743)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 2,180,707	\$ 1,658,929	\$ 1,650,836	\$ 1,582,921	\$ 1,599,050	\$ 1,597,422	\$ 1,701,230	\$ 1,711,114	\$ 1,806,900
Contributions as a percentage of covered payroll	1.63%	2.12%	1.88%	1.89%	1.93%	2.24%	1.99%	1.56%	1.92%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

Chesapeake Union Exempted Village School District
Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio
Last Nine Years (1)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 7,197,793	\$ 6,723,600	\$ 6,589,886	\$ 6,063,257	\$ 6,427,886	\$ 6,150,086	\$ 5,974,886	\$ 5,403,000	\$ 5,308,800
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

2023: The cost of living adjustment was changed from 2.0 percent to 2.5 percent.

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

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

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

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

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

Changes in assumptions

2024: Cost-of-Living-Adjustments was increased from 2.00% to 2.50% for calendar year 2024.

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

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

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

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

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

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

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

Pension (continued)

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

Changes in assumptions

2024: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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

- (1) The projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- (2) Updated the health and disability mortality assumption to the PUB-2010 mortality tables with generational improvement scale MP-2020.
- (3) Demographic assumptions were changed based on the actuarial experience study for the period of July 1, 2015 through June 30, 2021.

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

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

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

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

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

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

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions

2024 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) The municipal bond index rate went from 3.69% to 3.86%
- (2) The single equivalent interest rate went from 4.08% to 4.27%

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

- (1) The municipal bond index rate went from 1.92% to 3.69%
- (2) The single equivalent interest rate when from 2.27% to 4.08% medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%

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

- (1) Wage inflation decreased from 3.00% to 2.40%
- (2) Future salary increases changed from 3.50%-18.20% to 3.25%-13.58%
- (3) Investment rate of return decreased from 7.50% to 7.00%
- (4) The discount rate decreased from 7.50% to 7.00%
- (5) Municipal Bond Index Rate:
 - Prior Measurement Date 2.45%
 - Measurement Date 1.92%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (7) Mortality among members was updated to the following:
 - o 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.
- (8) Mortality among disabled members was updated to the following:
 - o 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.

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

- (1) The discount rate was changed from 3.22% to 2.63%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.13%
 - Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%

2020: (1) The discount rate was changed from 3.70% to 3.22%.

- (2) Municipal Bond Index Rate: Prior Measurement Date 3.62%
 - Measurement Date 3.13%

- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%

Chesapeake Union Exempted Village School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

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

- (1) The discount rate was changed from 3.63% to 3.70%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.56%
 - Measurement Date 3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.63%
 - Measurement Date 3.70%

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

- (1) Discount Rate:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
 - Fiscal Year 2018 3.56%
 - Fiscal Year 2017 2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Fiscal Year 2018 3.63%
 - Fiscal Year 2017 2.98%

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

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

State Teachers Retirement System (STRS)

Changes in benefit terms

2023 - 2024: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

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

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

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

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

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

Changes in assumptions

2024: The health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial – 3.94% ultimate to 7.50% initial – 4.14% ultimate; medical Medicare from -68.78% initial – 3.94% ultimate to -10.94% initial – 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial – 3.94% ultimate to -11.95% initial – 4.14% ultimate; Medicare from -5.47% initial – 3.94% ultimate to 1.33% initial – 4.14% ultimate.

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

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

Chesapeake Union Exempted Village School District

Notes to the Required Supplementary Information

For the Fiscal Year Ended June 30, 2024

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in assumptions (continued)

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

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

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

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

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

**CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Grant Year	Provided to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education and Workforce				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2023-2024	\$ 0	\$ 29,928
Cash Assistance:				
School Breakfast Program	10.553	2023-2024	0	159,032
National School Lunch Program	10.555	2023-2024	0	295,595
COVID-19 National School Lunch Program		2023-2024	0	42,961
Total National School Lunch Program				368,484
Total Child Nutrition Cluster			0	527,516
Total U.S. Department of Agriculture			0	527,516
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education and Workforce				
Title I Grants to Local Educational Agencies	84.010A	2023	0	33,784
		2024	0	350,196
Title I Non-Competitive Supplemental School Improvement		2024	0	53,106
Expanding Opportunities for Each Child Non-Competitive Grant		2024	0	24,695
Total Title I Grants to Local Educational Agencies			0	461,781
Special Education Cluster:				
Special Education Grants to States	84.027A	2023	0	47,474
		2024	0	281,425
Total Special Education Grants to States			0	328,899
Special Education Preschool Grants	84.173A	2024	0	3,823
Total Special Education Cluster			0	332,722
Twenty-First Century Community Learning Centers	84.287A	2024	0	543,468
Student Support and Academic Enrichment Program	84.424A	2024	0	30,689
Stronger Connections Grant	84.424F	2024	0	14,511
Total Student Support and Academic Enrichment Program			0	45,200
COVID-19 Education Stabilization Fund				
ARP ESSER	84.425U	2023	0	290,910
		2024	0	889,250
ARP Homeless Targeted Support	84.425W	2024	0	16,498
ARP Homeless Round II	84.425W	2024	0	2,923
Total COVID-19 Education Stabilization Fund			0	1,199,581
Total U.S. Department of Education			0	2,582,752
U.S. DEPARTMENT OF THE TREASURY				
Passed Through Ohio Office of Budget and Management				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2023	0	231,692
Total U.S. Department of the Treasury			0	231,692
Total Expenditures of Federal Awards			\$ 0	\$ 3,341,960

The accompanying notes are an integral part of this schedule.

**CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Chesapeake Union Exempted Village School District (the School District's) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2024, the School District made allowable transfers of \$50,071 from the Title II-A Supporting Effective Instruction (AL #84.367) program to the Title I-A Improving Basic Programs (AL #84.010) program. The Schedule shows the School District spent approximately \$50,071 on Title II-A Supporting Effective Instruction program. The amount reported for the Title II-A Supporting Effective Instruction program on the Schedule excludes the amount transferred to the Title I-A Improving Basic Programs program. The amount transferred to the Title I-A Improving Basic Programs program is included as Title I-A Improving Basic Programs expenditures when disbursed. The following table shows the gross amount drawn for the Title II-A Supporting Effective Instruction program during fiscal year 2024 and the amount transferred to the Title I-A Improving Basic Programs program.

Title II-A Supporting Effective Instruction	\$50,071
Transfer to Title I-A Improving Basic Programs	(50,071)
Total Title II-A Supporting Effective Instruction	\$ 0

OHIO AUDITOR OF STATE KEITH FABER



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

Chesapeake Union Exempted Village School District
Lawrence County
10183 County Road 1
Chesapeake, Ohio 45619

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Chesapeake Union Exempted Village School District, Lawrence County, Ohio (the School District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 11, 2025, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections which resulted in a restatement of beginning balance due to a change in major funds.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
February 11, 2025



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

Chesapeake Union Exempted Village School District
Lawrence County
10183 County Road 1
Chesapeake, Ohio 45619

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Chesapeake Union Exempted Village School District's, Lawrence County, (School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Chesapeake Union Exempted Village School District's major federal programs for the year ended June 30, 2024. Chesapeake Union Exempted Village 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, Chesapeake Union Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink, appearing to read "Keith Faber". The signature is fluid and cursive, with the first and last names being clearly legible.

Keith Faber
Auditor of State
Columbus, Ohio
February 11, 2025

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**CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Education Stabilization Fund – Federal AL- #84.425U & W Twenty-First Century Community Learning Centers – Federal AL # 84.287A
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



CHESAPEAKE UNION EXEMPTED VILLAGE SCHOOL DISTRICT

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/25/2025

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
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