

BATAVIA LOCAL SCHOOL DISTRICT

CLERMONT COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED

JUNE 30, 2023



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Columbus, Ohio 43215
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Board of Education
Batavia Local School District
4 Bulldog Place
Batavia, Ohio 45103

We have reviewed the *Independent Auditor's Report* of Batavia Local School District, Clermont County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery Resolved Under Audit - SERS Penalties

Per **Ohio Revised Code § 3309.571(C)**, the School Employees Retirement System shall impose the following penalties:

Except for a statement required by section 3309.28 of the Revised Code, for a failure to submit, complete, or correct any payroll information or other report required under this chapter not later than the date specified under rules adopted by the board, one hundred dollars per day for each day the employer fails to submit, complete, or correct the information or report, except that the penalty shall not exceed one thousand five hundred dollars.

Ohio Administrative Code § 3309-1-18(C) provides that contribution reports shall be posted online with the retirement system by the fifth business day following the pay date.

During fiscal year 2023, Batavia Local School District was assessed penalties and had Foundation payments deducted in the amount of \$6,000 for missed contribution reporting information to the School Employee Retirement System of Ohio (SERS) by the due date. Contribution reporting in eSERS runs off the payroll schedule that is provided by the District. If there is an upcoming pay date where there are not any employees to report, a Zero File is required. If the Zero File is not provided, SERS assesses penalties for missed contribution reporting. Zero Files were due on September 14, 2022, January 26, 2023, February 13, 2023, and March 14, 2023 and not submitted timely, incurring \$1,500 in penalties for each late filing.

Ohio Rev. Code § 3313.25(B)(1) makes a school treasurer liable for a loss of public funds when a loss of public funds results from the treasurer's negligence or other wrongful act.

Michael Ashmore, Treasurer, was responsible for setting up payroll schedules and timely filing the Zero File entries into eSERS. This repeated failure to submit complete or correct contribution reporting information to the School Employee Retirement System of Ohio timely is considered gross negligence. The penalties paid by the School District that were incurred as a result of gross negligence are illegal expenditures. These penalties could have been avoided had the contribution reporting been made in a timely manner.

Board of Education
Batavia Local School District
4 Bulldog Place
Batavia, Ohio 45103
-2-

In accordance with the forgoing facts and pursuant to Ohio Rev. Code Chapter 117, a Finding for Recovery for public monies illegally expended is hereby issued against Michael Ashmore, District Treasurer, in the amount of \$6,000 and in favor of Batavia Local School District's General fund.

On October 20, 2025, Michael Ashmore entered into a repayment agreement with Batavia Local School District to repay the School District \$6,000. This finding is considered resolved under audit.

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

January 30, 2026

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

TABLE OF CONTENTS

| | |
|---|---------|
| Independent Auditor's Report | 1 - 3 |
| Management's Discussion and Analysis | 4 - 12 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position | 14 |
| Statement of Activities | 15 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 16 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 17 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds..... | 18 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 19 |
| Statement of Net Position - Proprietary Funds..... | 20 |
| Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds | 21 |
| Statement of Cash Flows - Proprietary Funds | 22 |
| Notes to the Basic Financial Statements..... | 23 - 62 |
| Required Supplementary Information: | |
| Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund | 64 |
| Schedules of School District's Proportionate Share of the Net Pension Liability and School District Pension Contributions: | |
| School Employees Retirement System of Ohio | 65 |
| State Teachers Retirement System of Ohio..... | 66 |
| Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset) and School District OPEB Contributions: | |
| School Employees Retirement System of Ohio | 67 |
| State Teachers Retirement System of Ohio..... | 68 |
| Notes to Required Supplementary Information | 69 - 72 |
| Supplementary Information: | |
| Schedule of Expenditures of Federal Awards..... | 73 |
| Notes to the Schedule of Expenditures of Federal Awards 2 <i>CFR</i> 200.510(b)(6)..... | 74 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> | 75 - 76 |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance | 77 - 79 |
| Schedule of Findings 2 <i>CFR</i> § 200.515 | 80 - 87 |
| Summary Schedule of Prior Audit Findings 2 <i>CFR</i> § 200.511(b) | 88 - 91 |
| Corrective Action Plan 2 <i>CFR</i> § 200.511(c)..... | 92 - 93 |

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Independent Auditor's Report

Batavia Local School District
Clermont County
4 Bulldog Place
Batavia, Ohio 45103

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Batavia Local School District, Clermont County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Batavia Local School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Batavia Local School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with 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 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 Batavia Local School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Batavia Local School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedule, schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions listed in the table of contents 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 Batavia Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and 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 May 22, 2025 on our consideration of the Batavia Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Batavia Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Batavia Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
May 22, 2025

**BATAVIA LOCAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2023**

This discussion and analysis provides key information from management highlighting the overall financial performance of the Batavia Local School District for the year ended June 30, 2023. This is meant to be an easily readable summary of the most important financial information regarding the accompanying financial statements. Please read it in conjunction with the School District's financial statements.

Financial Highlights

Major financial highlights for fiscal year 2023 are listed below:

- ✓ The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at fiscal year-end by \$48.8 million.
- ✓ In total, net position increased by approximately \$5.9 million.
- ✓ The School District had \$30.7 million in total expenses; only \$4.3 million of these expenses were offset by program specific charges for services, grants or contributions. General revenue of \$32.3 million, made up primarily of property taxes and State funding provided the majority of funding for these programs.
- ✓ The General Fund's fund balance increased by \$1.1 million from a balance of \$3.8 million at June 30, 2022 to a balance of \$4.9 million at June 30, 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the School District's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the School District's assets, liabilities and deferred outflows and inflows of resources, with the difference between these reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the School District include instruction, support services, administration, operation and maintenance of plant, and extracurricular activities. The business-type activities of the School District include food services and uniform school supplies.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for government activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The School District accounts for its activities using many individual funds. The most significant funds are reported in separate columns in the governmental fund financial statements. These statements provide detailed information about the individual major funds – unlike the government-wide financial statements, which report on the School District as a whole. Some funds are required to be established by State law. Also, the School District may also establish separate funds to show that it is meeting legal requirements for using grants or other money.

Proprietary funds. The School District utilizes enterprise funds, which report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same information as the government-wide financial statements, only in more detail.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

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

Other information. In addition to basic financial statements and accompanying notes, this report also contains required supplementary information concerning the budget of the General Fund and required pension and other postemployment benefit information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A. Net position at year-end

The following table presents a condensed summary of the School District's overall financial position at June 30, 2023 and 2022:

| | | Governmental | | Business-Type | | Total | |
|----------------------------------|----|--------------|--------------|---------------|-----------|--------------|--------------|
| | | Activities | | Activities | | | |
| | | FY23 | FY22 | FY23 | FY22 | FY23 | FY22 |
| Current and other assets | \$ | 47,947,444 | 76,675,615 | 694,842 | 574,013 | 48,642,286 | 77,249,628 |
| Capital assets | | 74,255,271 | 42,539,936 | 41,055 | 60,736 | 74,296,326 | 42,600,672 |
| Total assets | | 122,202,715 | 119,215,551 | 735,897 | 634,749 | 122,938,612 | 119,850,300 |
| Deferred outflows of resources | | 7,182,988 | 7,570,006 | 146,096 | 154,222 | 7,329,084 | 7,724,228 |
| Long-term liabilities: | | | | | | | |
| Net pension liability | | 22,524,226 | 13,307,309 | 464,580 | 307,931 | 22,988,806 | 13,615,240 |
| Net OPEB liability | | 1,002,634 | 1,395,070 | 123,921 | 222,041 | 1,126,555 | 1,617,111 |
| Other long-term amounts | | 34,571,632 | 36,260,267 | 22,693 | 23,052 | 34,594,325 | 36,283,319 |
| Other liabilities | | 7,053,826 | 8,002,630 | 67,509 | 64,471 | 7,121,335 | 8,067,101 |
| Total liabilities | | 65,152,318 | 58,965,276 | 678,703 | 617,495 | 65,831,021 | 59,582,771 |
| Deferred inflows of resources | | 15,414,477 | 24,789,008 | 204,121 | 235,706 | 15,618,598 | 25,024,714 |
| Net position: | | | | | | | |
| Net investment in capital assets | | 45,797,584 | 14,770,352 | 41,055 | 60,736 | 45,838,639 | 14,831,088 |
| Restricted: | | | | | | | |
| For capital purposes | | 8,114,240 | 34,839,516 | - | - | 8,114,240 | 34,839,516 |
| For debt service | | 11,201,084 | 10,063,407 | - | - | 11,201,084 | 10,063,407 |
| Other purposes | | 4,017,189 | 3,191,591 | - | - | 4,017,189 | 3,191,591 |
| Unrestricted (deficit) | | (20,311,189) | (19,833,593) | (41,886) | (124,966) | (20,353,075) | (19,958,559) |
| Total net position | \$ | 48,818,908 | 43,031,273 | (831) | (64,230) | 48,818,077 | 42,967,043 |

The net pension liability is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*. The net other postemployment benefits (OPEB) asset and liability are reported pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

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 net OPEB liability to the reported net position and subtracting the net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board (GASB) standards are national and apply to all government financial reports prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Prior accounting for pensions (GASB Statement No. 27) and OPEB (GASB Statement No. 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 Statement Nos. 68 and 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio statewide pension and OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

As required by GASB Statement Nos. 68 and 75, the required net pension liability, the net OPEB liability and the net OPEB asset equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension and 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 health care 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 systems are responsible for the administration of the pension and OPEB plans.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

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 or net OPEB liabilities. 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 part for the unfunded portion. Due to the unique nature of how the net pension and net OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement Nos. 68 and 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, respectively, not accounted for as deferred inflows/outflows.

One of the largest portions of the School District's positive net position is in net investment in capital assets (\$45.8 million). The School District uses these capital assets to provide educational services to its students. Accordingly, these assets are not available for future spending. An additional portion of the School District's net position (\$23.3 million) represents resources that are subject to external restrictions on how they may be used.

The unrestricted net position (deficit) at June 30, 2023 was (\$20.4 million). We feel this is important to mention as the management of the School District has no control over the management of the State-wide retirement plans or the benefits offered; both of which control the net pension and OPEB liabilities and the net OPEB asset that significantly impact the School District's financial statements.

Total assets increased by approximately \$3.1 million during the fiscal year. The changes were primarily related to the ongoing construction projects including construction of a new high school and a new middle school in the Bulldog Place campus, and re-purposing of the existing high school into a multi-use community space that will include the Board of Education offices. The School District continued to draw Ohio Facilities Commission Facilities funding which resulted in reduced intergovernmental receivables and increased construction in progress.

Total liabilities increased by about \$6.2 million during the fiscal year. Much of this increase occurred in the net pension liability, due to negative investment returns on the pension portfolio. The School Employees Retirement System (SERS) reported an annual money-weighted rate of return of -1.93% (compared to 28.18% in the prior year), and the State Teachers Retirement System (STRS) reported an annual money-weighted rate of return of -3.55% (compared to 29.24% in the prior year).

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

B. Governmental and Business-type Activities during fiscal year 2023

The following table presents a condensed summary of the School District's activities during fiscal year 2023 and 2022 and the resulting change in net position:

| | Governmental Activities | | Business-Type Activities | | Total | |
|------------------------------------|------------------------------------|-------------------|-------------------------------------|------------------|-------------------|-------------------|
| | FY23 | FY22 | FY23 | FY22 | FY23 | FY22 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services and sales | \$ 500,838 | 811,210 | 586,348 | 248,990 | 1,087,186 | 1,060,200 |
| Operating grants and contributions | <u>2,322,541</u> | <u>3,591,596</u> | <u>888,871</u> | <u>1,596,350</u> | <u>3,211,412</u> | <u>5,187,946</u> |
| Total program revenues | <u>2,823,379</u> | <u>4,402,806</u> | <u>1,475,219</u> | <u>1,845,340</u> | <u>4,298,598</u> | <u>6,248,146</u> |
| General revenues: | | | | | | |
| Property taxes | 12,723,425 | 13,484,984 | - | - | 12,723,425 | 13,484,984 |
| Payments in lieu of taxes | 2,618,481 | 2,591,678 | - | - | 2,618,481 | 2,591,678 |
| Grants and entitlements | 15,608,816 | 13,297,921 | - | - | 15,608,816 | 13,297,921 |
| Investment earnings | 446,773 | 44,770 | - | - | 446,773 | 44,770 |
| Miscellaneous | <u>872,347</u> | <u>567,134</u> | <u>-</u> | <u>-</u> | <u>872,347</u> | <u>567,134</u> |
| Total general revenues | <u>32,269,842</u> | <u>29,986,487</u> | <u>-</u> | <u>-</u> | <u>32,269,842</u> | <u>29,986,487</u> |
| Total revenues | <u>35,093,221</u> | <u>34,389,293</u> | <u>1,475,219</u> | <u>1,845,340</u> | <u>36,568,440</u> | <u>36,234,633</u> |
| Expenses: | | | | | | |
| Instruction | 20,896,602 | 20,450,434 | - | - | 20,896,602 | 20,450,434 |
| Support services: | | | | | | |
| Pupil | 562,776 | 1,129,084 | - | - | 562,776 | 1,129,084 |
| Instructional staff | 182,540 | 133,851 | - | - | 182,540 | 133,851 |
| Board of Education | 300,455 | 264,962 | - | - | 300,455 | 264,962 |
| Administration | 1,902,033 | 1,633,240 | - | - | 1,902,033 | 1,633,240 |
| Fiscal | 748,077 | 608,421 | - | - | 748,077 | 608,421 |
| Operation and maintenance of plant | 1,103,759 | 1,478,696 | - | - | 1,103,759 | 1,478,696 |
| Pupil transportation | 1,779,748 | 1,616,609 | - | - | 1,779,748 | 1,616,609 |
| Central | 215,439 | 317,809 | - | - | 215,439 | 317,809 |
| Non-instructional services | 675,294 | 507,931 | - | - | 675,294 | 507,931 |
| Interest and fiscal charges | 938,863 | 1,006,474 | - | - | 938,863 | 1,006,474 |
| Food services | - | - | 1,251,106 | 1,117,257 | 1,251,106 | 1,117,257 |
| Uniform school supplies | <u>-</u> | <u>-</u> | <u>160,714</u> | <u>165,274</u> | <u>160,714</u> | <u>165,274</u> |
| Total expenses | <u>29,305,586</u> | <u>29,147,511</u> | <u>1,411,820</u> | <u>1,282,531</u> | <u>30,717,406</u> | <u>30,430,042</u> |
| Change in net position | 5,787,635 | 5,241,782 | 63,399 | 562,809 | 5,851,034 | 5,804,591 |
| Beginning net position | <u>43,031,273</u> | <u>37,789,491</u> | <u>(64,230)</u> | <u>(627,039)</u> | <u>42,967,043</u> | <u>37,162,452</u> |
| Ending net position | <u>\$ 48,818,908</u> | <u>43,031,273</u> | <u>(831)</u> | <u>(64,230)</u> | <u>48,818,077</u> | <u>42,967,043</u> |

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

Of the total governmental activities revenues of \$35,093,221, \$2,823,379 (8%) is from program revenue. This means that the government relies on general revenues to fund much of the cost of services provided to the citizens. Of those general revenues, 39% (\$12,723,425) comes from property tax levies and 48% (\$15,608,816) comes from state funding. The School District's operations are reliant upon its property tax levy and the state's foundation program.

Total revenue increased by \$333,807. The increase is primarily due to an increase in Ohio Facilities Commission Facilities funding draws for change orders on ongoing construction projects. There was also an increase of \$402,003 in investment earnings due to rising interest rates on the School District's short-term investments. These increases were partially offset by decreases in operating grants and contributions, as pandemic-related grant funding was winding down.

Total expenses increased by \$287,364, due to general inflationary increases.

Governmental Activities

The following table presents the total cost of each of the government's primary services, and the comparative net cost after deducting the revenues generated by each function. Approximately 10% of the cost of the general government programs was recouped in program revenues.

Instruction costs were \$20,896,602, but program revenue contributed to fund 12% of those costs. Thus, general revenues of \$18,445,094 were needed to support of remainder of the instruction costs.

| Governmental Activities | | | | |
|--------------------------------|--|-----------------------------------|--|--|
| | <u>Total Cost of Services</u> | <u>Program Revenue</u> | <u>Revenues as a % of Total Costs</u> | <u>Net Cost of Services</u> |
| Instruction | \$ 20,896,602 | 2,451,508 | 12% | 18,445,094 |
| Support services | 6,794,827 | 113,844 | 2% | 6,680,983 |
| Non-instructional services | 675,294 | 258,027 | 38% | 417,267 |
| Interest and fiscal charges | <u>938,863</u> | <u>-</u> | 0% | <u>938,863</u> |
| Total | \$ <u>29,305,586</u> | <u>2,823,379</u> | <u>10%</u> | <u>26,482,207</u> |

Business-type Activities

Net position of the business-type activities increased by \$63,399, compared to the increase of \$562,809 in the prior fiscal year, primarily driven by a decrease in federal and state funding for lunch services as pandemic-related grant programs came to an end and an increase in pension expenses from the increase in net pension liabilities, previously discussed.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

The following table presents the total cost of each of the School District's business segments and the net cost after deducting the revenues generated by each segment.

| | | Business-type Activities | | | |
|-----------------|----|---------------------------|--------------------|--------------------------------------|--------------------------------------|
| | | Total Cost of Services | Program Revenue | Revenues as a % of Total Costs | Net Cost (Revenue) of Services |
| Food services | \$ | 1,251,106 | 1,281,042 | 102% | (29,936) |
| School supplies | | <u>160,714</u> | <u>194,177</u> | 121% | <u>(33,463)</u> |
| Total | \$ | 1,411,820 | 1,475,219 | 104% | (63,399) |

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S INDIVIDUAL FUNDS

Governmental funds

The School District has three major governmental funds: the General Fund, the Debt Service Fund, and the Classroom Facilities Fund. Assets of these three funds comprised 79% (\$37,777,705) of the total \$47,649,856 governmental fund assets.

General Fund. Fund balance at June 30, 2023 was \$4,928,186, an increase of \$1,086,099 from the prior fiscal year. This is consistent with prior year's increase of \$1,153,531.

Debt Service Fund. Fund balance at June 30, 2023 was \$11,324,535. The Debt Service Fund is used to accumulate resources to pay general obligation bonds. The required bond payments were made as scheduled during the current fiscal year. The fund's cash balance at year-end is adequate to make the required debt payments for the year ended June 30, 2023.

Classroom Facilities Fund. Fund balance at June 30, 2023 was \$4,866,560. The Classroom Facilities Fund is used to account for the high school and middle school buildings, along with various other campus renovations and improvements under the Ohio Classroom Facilities Assistance Program.

Proprietary funds

Food Service Fund. This fund was established to account for the School District's cafeteria operations. The fund experienced an increase of \$29,936, lower than prior year's increase of \$536,868 due to the decrease in grant funding and increase in pension expenses previously discussed.

BATAVIA LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
Year Ended June 30, 2023
Unaudited

GENERAL FUND BUDGETARY HIGHLIGHTS

The schedule comparing the School District's original and final budgets and actual results is included in the required supplementary information. During fiscal year 2023, the School District amended its General Fund budget with Clermont County as changes occurred in School District revenues and expenditures.

Original and final budgets were fairly consistent throughout the year. Actual expenditures and transfers came in \$259,344 under budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At June 30, 2023, the School District had invested in a broad range of capital assets, including land, construction in progress, buildings, equipment and vehicles. The School District had a full appraisal done, requiring adjustments to beginning balances. See Note 5 to the financial statements for more detail.

**Capital Assets at Year-End
(Net of Depreciation)**

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|--------------------------------|-------------------|---------------------------------|---------------|-------------------|-------------------|
| | FY23 | FY22 | FY23 | FY22 | FY23 | FY22 |
| Land | \$ 1,035,700 | 1,035,700 | - | - | 1,035,700 | 1,035,700 |
| Construction in progress | 51,922,897 | 19,440,918 | - | - | 51,922,897 | 19,440,918 |
| Land improvements | 3,739,445 | 3,982,840 | - | - | 3,739,445 | 3,982,840 |
| Buildings and improvements | 16,651,457 | 17,247,502 | - | - | 16,651,457 | 17,247,502 |
| Equipment and furniture | 85,219 | 111,318 | 41,055 | 60,736 | 126,274 | 172,054 |
| Vehicles | <u>820,553</u> | <u>721,658</u> | <u>-</u> | <u>-</u> | <u>820,553</u> | <u>721,658</u> |
| Total | \$ <u>74,255,271</u> | <u>42,539,936</u> | <u>41,055</u> | <u>60,736</u> | <u>74,296,326</u> | <u>42,600,672</u> |

Debt

As of June 30, 2023, the School District had \$30,130,000 outstanding in general obligation bonds, with \$940,000 due within the next fiscal year. See Note 10 to the financial statements.

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at the Batavia Local School District, 800 Bauer Avenue, Batavia, Ohio 45103.

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BATAVIA LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| Assets: | | | |
| Equity in pooled cash and cash equivalents | \$ 20,092,819 | \$ 688,290 | \$ 20,781,109 |
| Receivables: | | | |
| Taxes | 13,081,367 | - | 13,081,367 |
| Accounts | 2,514 | 964 | 3,478 |
| Intergovernmental | 5,398,818 | - | 5,398,818 |
| Supplies inventory | - | 5,588 | 5,588 |
| Prepays | 2,926 | - | 2,926 |
| Restricted cash and cash equivalents | 7,183,239 | - | 7,183,239 |
| Net OPEB asset | 2,185,761 | - | 2,185,761 |
| Nondepreciable capital assets | 52,958,597 | - | 52,958,597 |
| Depreciable capital assets, net | 21,296,674 | 41,055 | 21,337,729 |
| Total assets | <u>122,202,715</u> | <u>735,897</u> | <u>122,938,612</u> |
| Deferred Outflows of Resources: | | | |
| Pension | 6,464,940 | 80,619 | 6,545,559 |
| OPEB | 718,048 | 65,477 | 783,525 |
| Total deferred outflows of resources | <u>7,182,988</u> | <u>146,096</u> | <u>7,329,084</u> |
| Liabilities: | | | |
| Accounts payable | 533,548 | 15,289 | 548,837 |
| Contracts payable | 4,019,120 | - | 4,019,120 |
| Accrued wages and benefits payable | 1,945,834 | 46,635 | 1,992,469 |
| Intergovernmental payable | 313,214 | 5,585 | 318,799 |
| Unearned revenue | 92,531 | - | 92,531 |
| Accrued interest payable | 149,579 | - | 149,579 |
| Noncurrent liabilities: | | | |
| Due within one year | 1,003,311 | 1,137 | 1,004,448 |
| Due within more than one year: | | | |
| Net pension liability | 22,524,226 | 464,580 | 22,988,806 |
| Net OPEB liability | 1,002,634 | 123,921 | 1,126,555 |
| Other amounts due more than one year | 33,568,321 | 21,556 | 33,589,877 |
| Total liabilities | <u>65,152,318</u> | <u>678,703</u> | <u>65,831,021</u> |
| Deferred Inflows of Resources: | | | |
| Property taxes | 8,396,416 | - | 8,396,416 |
| Payment in lieu of taxes | 1,695,000 | - | 1,695,000 |
| Pension | 2,095,575 | 40,020 | 2,135,595 |
| OPEB | 3,227,486 | 164,101 | 3,391,587 |
| Total deferred inflows of resources | <u>15,414,477</u> | <u>204,121</u> | <u>15,618,598</u> |
| Net Position: | | | |
| Net investment in capital assets | 45,797,584 | 41,055 | 45,838,639 |
| Restricted for: | | | |
| Capital projects | 8,114,240 | - | 8,114,240 |
| Debt service | 11,201,084 | - | 11,201,084 |
| Other purposes | 4,017,189 | - | 4,017,189 |
| Unrestricted (deficit) | (20,311,189) | (41,886) | (20,353,075) |
| Total net position | <u>\$ 48,818,908</u> | <u>\$ (831)</u> | <u>\$ 48,818,077</u> |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Activities
Year Ended June 30, 2023

| | Expenses | Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | Total |
|--|----------------------|--------------------------------------|--|--|-----------------------------|----------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Governmental Activities | Business-Type Activities | |
| Governmental Activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 13,731,476 | \$ 246,632 | \$ 1,057,707 | \$ (12,427,137) | \$ - | \$ (12,427,137) |
| Special education | 7,049,721 | - | 1,059,149 | (5,990,572) | - | (5,990,572) |
| Other instruction | 115,405 | - | 88,020 | (27,385) | - | (27,385) |
| Support services: | | | | | | |
| Pupil | 562,776 | - | 57,560 | (505,216) | - | (505,216) |
| Instructional staff | 182,540 | - | 2,475 | (180,065) | - | (180,065) |
| Board of Education | 300,455 | - | 37,376 | (263,079) | - | (263,079) |
| Administration | 1,902,033 | - | - | (1,902,033) | - | (1,902,033) |
| Fiscal | 748,077 | - | - | (748,077) | - | (748,077) |
| Operation and maintenance of plant | 1,103,759 | - | - | (1,103,759) | - | (1,103,759) |
| Pupil transportation | 1,779,748 | - | 16,207 | (1,763,541) | - | (1,763,541) |
| Central | 215,439 | - | 226 | (215,213) | - | (215,213) |
| Non-instructional services: | | | | | | |
| Extracurricular activities | 670,897 | 254,206 | - | (416,691) | - | (416,691) |
| Community service | 4,397 | - | 3,821 | (576) | - | (576) |
| Interest on long-term debt | 938,863 | - | - | (938,863) | - | (938,863) |
| Total Governmental Activities | <u>29,305,586</u> | <u>500,838</u> | <u>2,322,541</u> | <u>(26,482,207)</u> | <u>-</u> | <u>(26,482,207)</u> |
| Business-Type Activities: | | | | | | |
| Food Service | 1,251,106 | 392,171 | 888,871 | - | 29,936 | 29,936 |
| Uniform School Supplies | 160,714 | 194,177 | - | - | 33,463 | 33,463 |
| Total Business-Type Activities | <u>1,411,820</u> | <u>586,348</u> | <u>888,871</u> | <u>-</u> | <u>63,399</u> | <u>63,399</u> |
| | <u>\$ 30,717,406</u> | <u>\$ 1,087,186</u> | <u>\$ 3,211,412</u> | <u>(26,482,207)</u> | <u>63,399</u> | <u>(26,418,808)</u> |
| General Revenues: | | | | | | |
| Property taxes, levied for general purposes | | | | 9,162,769 | - | 9,162,769 |
| Property taxes, levied for debt services | | | | 3,146,066 | - | 3,146,066 |
| Property taxes, levied for classroom maintenance | | | | 123,044 | - | 123,044 |
| Property taxes, levied for permanent improvements | | | | 291,546 | - | 291,546 |
| Payments in lieu of taxes | | | | 2,618,481 | - | 2,618,481 |
| Grants and entitlements not restricted | | | | | | |
| to specific programs | | | | 13,960,404 | - | 13,960,404 |
| Grants provided for permanent improvement projects | | | | 1,648,412 | - | 1,648,412 |
| Investment earnings | | | | 446,773 | - | 446,773 |
| Miscellaneous | | | | 872,347 | - | 872,347 |
| Total general revenues | | | | <u>32,269,842</u> | <u>-</u> | <u>32,269,842</u> |
| Change in net position | | | | 5,787,635 | 63,399 | 5,851,034 |
| Net position beginning of year | | | | 43,031,273 | (64,230) | 42,967,043 |
| Net position end of year | | | | <u>\$ 48,818,908</u> | <u>\$ (831)</u> | <u>\$ 48,818,077</u> |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2023

| | General | Debt Service | Classroom Facilities | Other Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------|-------------------------|--------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in pooled cash and cash equivalents | \$ 2,322,842 | \$ 10,183,743 | \$ - | \$ 7,586,234 | \$ 20,092,819 |
| Restricted cash and cash equivalents | - | - | 7,183,239 | - | 7,183,239 |
| Receivables: | | | | | |
| Taxes | 8,615,804 | 3,558,128 | - | 907,435 | 13,081,367 |
| Accounts | 1,000 | - | - | 1,514 | 2,514 |
| Intergovernmental | 1,783,603 | - | 2,238,247 | 1,376,968 | 5,398,818 |
| Prepays | 2,926 | - | - | - | 2,926 |
| Interfund receivable | 1,888,173 | - | - | - | 1,888,173 |
| Total assets | <u>\$ 14,614,348</u> | <u>\$ 13,741,871</u> | <u>\$ 9,421,486</u> | <u>\$ 9,872,151</u> | <u>\$ 47,649,856</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 475,781 | \$ - | \$ - | \$ 57,767 | \$ 533,548 |
| Contracts payable | - | - | 3,424,060 | 595,060 | 4,019,120 |
| Accrued wages and benefits payable | 1,799,617 | - | - | 146,217 | 1,945,834 |
| Intergovernmental payable | 295,922 | - | - | 17,292 | 313,214 |
| Unearned revenue | - | - | - | 92,531 | 92,531 |
| Interfund payable | - | - | - | 1,888,173 | 1,888,173 |
| Compensated absences payable | 4,004 | - | - | - | 4,004 |
| Total liabilities | <u>2,575,324</u> | <u>-</u> | <u>3,424,060</u> | <u>2,797,040</u> | <u>8,796,424</u> |
| Deferred Inflows of Resources: | | | | | |
| Property taxes | 5,251,112 | 2,391,208 | - | 754,096 | 8,396,416 |
| Payments in lieu of taxes | 1,695,000 | - | - | - | 1,695,000 |
| Unavailable revenue | 164,726 | 26,128 | 1,130,866 | 1,380,403 | 2,702,123 |
| Total deferred inflows of resources | <u>7,110,838</u> | <u>2,417,336</u> | <u>1,130,866</u> | <u>2,134,499</u> | <u>12,793,539</u> |
| Fund Balances: | | | | | |
| Nonspendable | 2,926 | - | - | - | 2,926 |
| Restricted | - | 11,324,535 | 4,866,560 | 7,010,206 | 23,201,301 |
| Assigned | 489,119 | - | - | - | 489,119 |
| Unassigned | 4,436,141 | - | - | (2,069,594) | 2,366,547 |
| Total fund balances | <u>4,928,186</u> | <u>11,324,535</u> | <u>4,866,560</u> | <u>4,940,612</u> | <u>26,059,893</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 14,614,348</u> | <u>\$ 13,741,871</u> | <u>\$ 9,421,486</u> | <u>\$ 9,872,151</u> | <u>\$ 47,649,856</u> |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

| | | |
|---|----|------------|
| Total Governmental Fund Balances | \$ | 26,059,893 |
|---|----|------------|

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

| | | |
|---|--|------------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | 74,255,271 |
|---|--|------------|

| | | |
|---|--|-----------|
| Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds. | | 2,702,123 |
|---|--|-----------|

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

| | | | |
|---|--------------|--|--------------|
| General obligation bonds and unamortized premiums | (32,900,054) | | |
| Compensated absences | (1,667,574) | | |
| Accrued interest payable | (149,579) | | |
| Total | | | (34,717,207) |

The net pension and OPEB liabilities are not due and payable in the current period,

The net OPEB asset is not available to pay for current period expenditures. Therefore, the asset, liabilities and related deferrals are not reported in the funds:

| | | | |
|-----------------------------|--------------|--|--------------|
| Deferred outflows - pension | 6,464,940 | | |
| Deferred inflows - pension | (2,095,575) | | |
| Net pension liability | (22,524,226) | | |
| Deferred outflows - OPEB | 718,048 | | |
| Deferred inflows - OPEB | (3,227,486) | | |
| Net OPEB asset | 2,185,761 | | |
| Net OPEB liability | (1,002,634) | | |
| Total | | | (19,481,172) |

| | | |
|--|----|-------------------|
| Net Position of Governmental Activities | \$ | <u>48,818,908</u> |
|--|----|-------------------|

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2023

| | General | Debt Service | Classroom Facilities | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|----------------------|-------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Taxes | \$ 9,151,094 | \$ 3,141,505 | \$ - | \$ 414,038 | \$ 12,706,637 |
| Tuition and fees | 246,632 | - | - | - | 246,632 |
| Investment earnings | 36,881 | - | 403,727 | 6,165 | 446,773 |
| Payments in lieu of taxes | 1,808,374 | 549,990 | - | 260,117 | 2,618,481 |
| Intergovernmental | 13,793,210 | 151,084 | 24,416,828 | 1,959,516 | 40,320,638 |
| Other local revenues | 756,328 | - | - | 370,225 | 1,126,553 |
| Total revenues | <u>25,792,519</u> | <u>3,842,579</u> | <u>24,820,555</u> | <u>3,010,061</u> | <u>57,465,714</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction: | | | | | |
| Regular | 11,603,889 | - | - | 936,127 | 12,540,016 |
| Special education | 5,508,480 | - | - | 1,420,226 | 6,928,706 |
| Other instruction | 12,348 | - | - | 101,299 | 113,647 |
| Support services: | | | | | |
| Pupil | 459,256 | - | - | 100,532 | 559,788 |
| Instructional staff | 169,064 | - | - | 6,000 | 175,064 |
| Board of Education | 238,883 | - | - | 71,443 | 310,326 |
| Administration | 1,771,093 | - | - | 49,070 | 1,820,163 |
| Fiscal | 711,778 | 47,471 | - | 6,222 | 765,471 |
| Operation and maintenance of plant | 1,664,467 | - | - | 623 | 1,665,090 |
| Pupil transportation | 1,757,628 | - | - | 244,210 | 2,001,838 |
| Central | 215,179 | - | - | 260 | 215,439 |
| Non-instructional services: | | | | | |
| Extracurricular activities | 329,508 | - | - | 289,378 | 618,886 |
| Community service | - | - | - | 4,397 | 4,397 |
| Capital outlay | 10,000 | - | 27,327,543 | 4,617,730 | 31,955,273 |
| Debt Service: | | | | | |
| Principal | 40,000 | 1,600,000 | - | - | 1,640,000 |
| Interest and fiscal charges | 8,677 | 1,067,722 | - | - | 1,076,399 |
| Total expenditures | <u>24,500,250</u> | <u>2,715,193</u> | <u>27,327,543</u> | <u>7,847,517</u> | <u>62,390,503</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,292,269</u> | <u>1,127,386</u> | <u>(2,506,988)</u> | <u>(4,837,456)</u> | <u>(4,924,789)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | - | - | 206,170 | 206,170 |
| Transfers out | (206,170) | - | - | - | (206,170) |
| Total other financing sources (uses): | <u>(206,170)</u> | <u>-</u> | <u>-</u> | <u>206,170</u> | <u>-</u> |
| Net change in fund balance | 1,086,099 | 1,127,386 | (2,506,988) | (4,631,286) | (4,924,789) |
| Fund balance, beginning of year | 3,842,087 | 10,197,149 | 7,373,548 | 9,571,898 | 30,984,682 |
| Fund balance, end of year | <u>\$ 4,928,186</u> | <u>\$ 11,324,535</u> | <u>\$ 4,866,560</u> | <u>\$ 4,940,612</u> | <u>\$ 26,059,893</u> |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

| | | |
|---|----|-------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ | (4,924,789) |
|---|----|-------------|

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.

| | | |
|-------------------------|--|------------|
| Capital asset additions | | 32,707,426 |
| Depreciation expense | | (992,091) |

| | | |
|--|--|-----------|
| Principal paid on bonds payable is recorded as an expenditure on the fund financial statements but reduces long-term liabilities in the government-wide. | | 1,640,000 |
|--|--|-----------|

| | | |
|--|--|---------|
| Premium capitalization and amortization is not recorded on the fund financials but is capitalized and amortized in the government-wide financial statements. | | 131,806 |
|--|--|---------|

| | | |
|--|--|-------|
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. | | 5,730 |
|--|--|-------|

| | | |
|---|--|-----------|
| Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | (121,845) |
|---|--|-----------|

| | | |
|--|--|--------------|
| Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows in the funds. | | (22,356,026) |
|--|--|--------------|

| | | |
|--|--|-----------|
| Contractually required contributions are reported as expenditures in governmental funds; the statement of activities reports these amounts as deferred outflows. | | |
| Pension | | 1,945,519 |
| OPEB | | 52,424 |

Except for amounts reported as deferred outflows or inflows of resources, changes in net pension liability and net OPEB asset/liability are reported as pension expense and negative OPEB expense in the statement of activities:

| | | |
|---------|--|-------------|
| Pension | | (2,688,879) |
| OPEB | | 388,360 |

| | | |
|--|----|-------------------------|
| Change in Net Position of Governmental Activities | \$ | <u><u>5,787,635</u></u> |
|--|----|-------------------------|

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Net Position

Proprietary Funds

June 30, 2023

| | Food Service | Nonmajor Uniform School Supplies | Total Enterprise Funds |
|---|---------------------|---|------------------------------|
| Assets: | | | |
| Current assets: | | | |
| Equity in pooled cash and cash equivalents | \$ 519,380 | \$ 168,910 | \$ 688,290 |
| Receivables: | | | |
| Accounts | 640 | 324 | 964 |
| Supplies inventory | 5,588 | - | 5,588 |
| Total current assets | 525,608 | 169,234 | 694,842 |
| Noncurrent assets: | | | |
| Depreciable capital assets, net | 41,055 | - | 41,055 |
| Total assets | 566,663 | 169,234 | 735,897 |
| Deferred Outflows of Resources: | | | |
| Pension | 80,619 | - | 80,619 |
| OPEB | 65,477 | - | 65,477 |
| Total deferred outflows of resources | 146,096 | - | 146,096 |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 14,863 | 426 | 15,289 |
| Accrued wages and benefits payable | 46,635 | - | 46,635 |
| Intergovernmental payable | 5,585 | - | 5,585 |
| Compensated absences | 1,137 | - | 1,137 |
| Total current liabilities | 68,220 | 426 | 68,646 |
| Noncurrent liabilities: | | | |
| Compensated absences | 21,556 | - | 21,556 |
| Net pension liability | 464,580 | - | 464,580 |
| Net OPEB liability | 123,921 | - | 123,921 |
| Total noncurrent liabilities | 610,057 | - | 610,057 |
| Total liabilities | 678,277 | 426 | 678,703 |
| Deferred Inflows of Resources: | | | |
| Pension | 40,020 | - | 40,020 |
| OPEB | 164,101 | - | 164,101 |
| Total deferred inflows of resources | 204,121 | - | 204,121 |
| Net Position: | | | |
| Investment in capital assets | 41,055 | - | 41,055 |
| Unrestricted (deficit) | (210,694) | 168,808 | (41,886) |
| Total net position | \$ (169,639) | \$ 168,808 | \$ (831) |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

Year Ended June 30, 2023

| | Food Service | Nonmajor Uniform School Supplies | Total Enterprise Funds |
|---------------------------------|---------------------|---|------------------------------|
| Operating revenues: | | | |
| Charges for services | <u>\$ 392,171</u> | <u>\$ 194,177</u> | <u>\$ 586,348</u> |
| Operating expenses: | | | |
| Salaries and wages | 278,749 | - | 278,749 |
| Fringe benefits | 189,780 | - | 189,780 |
| Contractual services | 682,177 | - | 682,177 |
| Materials and supplies | 80,719 | 160,714 | 241,433 |
| Depreciation | <u>19,681</u> | <u>-</u> | <u>19,681</u> |
| Total operating expenses | <u>1,251,106</u> | <u>160,714</u> | <u>1,411,820</u> |
| Operating income (loss) | (858,935) | 33,463 | (825,472) |
| Nonoperating revenues: | | | |
| Federal and state grants | <u>888,871</u> | <u>-</u> | <u>888,871</u> |
| Change in net position | 29,936 | 33,463 | 63,399 |
| Net position, beginning of year | <u>(199,575)</u> | <u>135,345</u> | <u>(64,230)</u> |
| Net position, end of year | <u>\$ (169,639)</u> | <u>\$ 168,808</u> | <u>\$ (831)</u> |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2023

| | Food Service | Nonmajor Uniform School Supplies | Total Enterprise Funds |
|---|---------------------|---|------------------------------|
| Cash flows from operating activities: | | | |
| Cash received from customers | \$ 391,531 | \$ 193,973 | \$ 585,504 |
| Cash payments for personal services | (427,989) | - | (427,989) |
| Cash payments for contract services | (685,394) | - | (685,394) |
| Cash payments for supplies and materials | (4,086) | (160,288) | (164,374) |
| Cash payments for other expenses | (3,600) | - | (3,600) |
| Net cash from operating activities | <u>(729,538)</u> | <u>33,685</u> | <u>(695,853)</u> |
| Cash flows from noncapital financing activities: | | | |
| Cash received from federal and state grants | <u>810,552</u> | <u>-</u> | <u>810,552</u> |
| Net cash from noncapital financing activities | <u>810,552</u> | <u>-</u> | <u>810,552</u> |
| Change in cash and cash equivalents | 81,014 | 33,685 | 114,699 |
| Cash and cash equivalents at beginning of year | <u>438,366</u> | <u>135,225</u> | <u>573,591</u> |
| Cash and cash equivalents at end of year | <u>\$ 519,380</u> | <u>\$ 168,910</u> | <u>\$ 688,290</u> |
| Reconciliation of operating income (loss) to net cash from operating activities: | | | |
| Operating income (loss) | \$ (858,935) | \$ 33,463 | \$ (825,472) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | | |
| Depreciation | 19,681 | - | 19,681 |
| Donated commodities used | 78,319 | - | 78,319 |
| Changes in assets, liabilities and deferrals: | | | |
| Accounts receivable | (640) | (204) | (844) |
| Accounts payable | (3,217) | 426 | (2,791) |
| Supplies inventory | (5,286) | - | (5,286) |
| Accrued wages and benefits payable | 244 | - | 244 |
| Intergovernmental payable | 5,585 | - | 5,585 |
| Compensated absences payable | (359) | - | (359) |
| Deferred outflows - pension/OPEB | 8,126 | - | 8,126 |
| Deferred inflows - pension/OPEB | (31,585) | - | (31,585) |
| Net pension liability | 156,649 | - | 156,649 |
| Net OPEB liability | <u>(98,120)</u> | <u>-</u> | <u>(98,120)</u> |
| Net cash from operating activities | <u>\$ (729,538)</u> | <u>\$ 33,685</u> | <u>\$ (695,853)</u> |

See accompanying notes to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Batavia Local School District (the "School District") have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

A. Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District. The Board controls the School District's four instructional support facilities providing education to approximately 2,300 students.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. This includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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 School District is associated with four organizations, two of which are defined as jointly governed organizations and two are insurance purchasing pools. These organizations include the Hamilton Clermont Cooperative Information Technology Center, the Great Oaks Institute of Technology and Career Development, the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan, and the Clermont County Health Trust. These organizations are presented in Notes 12 and 13 to the basic financial statements.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

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 distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and proprietary financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, liabilities, and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Operating revenues and expenses generally result from providing services and producing and delivering services in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are grouped into the categories governmental and proprietary.

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes 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 less deferred inflows of resources and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

Classroom Facilities Fund – The classroom facilities fund is used to account for the bond proceeds used for the construction of new middle school and high school buildings, along with various other campus renovations and improvements under the Ohio Classroom Facilities Assistance Program.

Proprietary funds are used to account for the School District's ongoing activities that are similar to those found in the private sector where the intent of the governing body is that the cost of providing goods and services to the general public be financed or recovered primarily through user charges. The following is the School District's major proprietary fund:

Food Service Fund – The food service fund is used to account for the School District's food service operations funded by cafeteria receipts and state and federal grants.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made. The modified accrual basis of accounting is used by the governmental funds.

On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants. 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 unmatured principal and interest on general long-term debt as well as expenditures related to compensated absences which are recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, proprietary funds and fiduciary funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Inflows of Resources. 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 assets 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, payment in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 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 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 OPEB plans are reported on the government-wide statement of net position (See Notes 7 and 8).

Deferred Outflows 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 assets 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 OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education (the "Board"). Although the legal level of budgetary control was established at the fund level of expenditures, the School District has elected to present the budgetary schedule comparison at the fund and function level of expenditures.

Tax Budget. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Clermont County Budget Commission for rate determination.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimated Resources. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure.

On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolutions, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the level of control.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures, which appear in the schedule of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than custodial funds, consistent with statutory provisions. The Board passed supplemental appropriations during the fiscal year.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to assign that portion of the applicable appropriation and to determine and maintain legal compliance.

Lapsing of Appropriations At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

F. Cash and Investments

To improve cash management, all cash received by the School District is pooled in central bank accounts. Monies for all funds are maintained in these accounts or temporarily used to purchase short-term investments. 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 financial statements. During fiscal year 2023, the School District's investments included U.S. Treasury Bills and money market funds.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds and those funds individually authorized by Board resolution. Interest is allocated to these funds based on average monthly cash balance.

For purposes of the statement of cash flows, the proprietary funds' portion of equity in pooled cash and cash equivalents is considered to be liquid because the proprietary fund portion of the pool can be accessed without prior notice or penalty.

G. Inventory

Inventories of proprietary funds are stated at the cost and donated food is stated at entitlement value. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Prepays

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaids in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepaids are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

I. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type columns in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$10,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their acquisition values as of the date received. 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 capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements and the proprietary fund statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

| | |
|----------------------------|--------------|
| Land improvements | 20 years |
| Buildings and improvements | 7 - 40 years |
| Equipment and furniture | 5 - 20 years |
| Vehicles | 5 - 10 years |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

Vacation 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 the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

K. 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, compensated absences 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 during the current fiscal year. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

L. Pensions/Other Postemployment Benefits (OPEB)

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

M. Restricted Assets

Restricted assets in the classroom facilities project fund represents bond proceeds and State funding restricted for construction and improvements of school facilities.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. 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 category includes amounts that cannot be spent because they are not in a spendable form, or legally or contractually required to be maintained intact. The “not in a 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 the School District Board of Education. The Treasurer has been given authority to assign amounts for these purchases on order provided those amounts have been lawfully appropriated.

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

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

O. Net Position

Net position represents the difference between assets and deferred outflows of resources, less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District had no net position restricted by enabling legislation at year-end. The amounts restricted for other purposes consisted of scholarships, education foundation, net OPEB asset, and state and federally funded programs.

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

P. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution, or by the Ohio Pooled Collateral System (OPCS), to secure the repayment of all public monies deposited with the institution.

Interim monies are permitted to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2. DEPOSITS AND INVESTMENTS (continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District does not have a custodial credit risk policy. However, protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the financial institution holding the deposits. By Ohio law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 102% of the deposits being secured, if the financial institution participates in the OPCS, or 105% percent of public funds on deposit with that specific financial institution if it does not participate in the OPCS. At year-end, the School District's bank balance of \$7,174,224 was either covered by FDIC or collateralized in the manner described above.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

2. DEPOSITS AND INVESTMENTS (continued)

Investments

The School District's investments at June 30, 2023 were comprised of:

| | <u>Fair Value at 6/30/23</u> | <u>Maturity</u> | <u>Concentration of Credit Risk</u> | <u>S&P Rating</u> |
|-------------------------------|----------------------------------|-----------------|---|---------------------------|
| <u>Level 1</u> | | | | |
| U.S. Treasury Bills | \$ 9,966,600 | 27 Days | 45% | n/a |
| <u>Amortized Cost</u> | | | | |
| U.S. Government Money Markets | <u>12,064,489</u> | 27 Days | <u>55%</u> | AAAm |
| | <u>\$ 22,031,089</u> | | <u>100%</u> | |

Credit Risk

The School District's investment policy does not address investment credit risk beyond the requirements of State statutes.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a counter party, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy does not address custodial risk beyond the requirements of State statutes.

Interest Rate Risk

In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investments to five years.

Fair Value Measurements

The Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, requires that investments be recorded at their fair value and that changes in the fair value be reported in the operating statement. The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Investments classified in Level 1 of the fair value hierarchy are valued using quoted market prices. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, money market investments are reported at amortized cost.

3. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District's 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 distributions occur in the first half the following fiscal year.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

3. PROPERTY TAXES (continued)

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 2023 represent collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022 and are collected in calendar year 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes, which became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance June 30, 2023 was \$3,288,569 in the General Fund, \$1,140,792 in the Debt Service Fund and \$149,904 in the Other Governmental Funds.

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

| | <u>2022 Second-Half Collections</u> | | <u>2023 First-Half Collections</u> | |
|--|-------------------------------------|----------------|------------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/Residential and Other Real Estate | \$ 259,128,800 | 91.62% | \$ 271,907,500 | 92.19% |
| Public Utility | <u>23,695,280</u> | 8.38% | <u>23,045,420</u> | 7.81% |
| Total Assessed Value | <u>\$ 282,824,080</u> | 100.00% | <u>\$ 294,952,920</u> | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$63.86 | | \$63.86 | |

4. INTERFUND TRANSACTIONS

Interfund transactions at June 30, 2023 consisted of the following:

| | <u>Interfund</u> | | <u>Transfers</u> | |
|--------------------------|---------------------|---------------------|-------------------|-------------------|
| | <u>Receivable</u> | <u>Payable</u> | <u>In</u> | <u>Out</u> |
| General Fund | \$ 1,888,173 | \$ - | \$ - | \$ 206,170 |
| Other Governmental Funds | <u>-</u> | <u>1,888,173</u> | <u>206,170</u> | <u>-</u> |
| | <u>\$ 1,888,173</u> | <u>\$ 1,888,173</u> | <u>\$ 206,170</u> | <u>\$ 206,170</u> |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

4. INTERFUND TRANSACTIONS (continued)

Interfund receivables/payables were made to provide temporary funding for reimbursable grant expenditures. Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund receivables and payables are eliminated on the government-wide financial statements.

5. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 was as follows:

| | Balance 7/1/22 | Additions | Disposals | Balance 6/30/23 |
|---------------------------------------|-------------------|---------------|-----------|--------------------|
| <i>Governmental Activities</i> | | | | |
| Nondepreciable: | | | | |
| Land | \$ 1,035,700 | \$ - | \$ - | \$ 1,035,700 |
| Construction in progress | 19,440,918 | 32,481,979 | - | 51,922,897 |
| Subtotal | 20,476,618 | 32,481,979 | - | 52,958,597 |
| Depreciable: | | | | |
| Land improvements | 5,408,564 | - | - | 5,408,564 |
| Buildings and improvements | 25,865,806 | - | - | 25,865,806 |
| Equipment and furniture | 815,890 | 20,932 | - | 836,822 |
| Vehicles | 2,273,641 | 204,515 | - | 2,478,156 |
| Subtotal | 34,363,901 | 225,447 | - | 34,589,348 |
| Totals at historical cost | 54,840,519 | 32,707,426 | - | 87,547,945 |
| Less accumulated depreciation: | | | | |
| Land improvements | (1,425,724) | (243,395) | - | (1,669,119) |
| Buildings and improvements | (8,618,304) | (596,045) | - | (9,214,349) |
| Equipment and furniture | (704,572) | (47,031) | - | (751,603) |
| Vehicles | (1,551,983) | (105,620) | - | (1,657,603) |
| Total accumulated depreciation | (12,300,583) | (992,091) | - | (13,292,674) |
| Capital assets, net | \$ 42,539,936 | \$ 31,715,335 | \$ - | \$ 74,255,271 |

Depreciation expense was charged to functions as follows:

| | |
|------------------------------------|------------|
| Instruction: | |
| Regular | \$ 825,385 |
| Support services: | |
| Instructional staff | 10,994 |
| Operation and maintenance of plant | 2,780 |
| Pupil transportation | 111,240 |
| Extracurricular activities | 41,692 |
| Total depreciation expense | \$ 992,091 |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

5. CAPITAL ASSETS (continued)

| | Balance 7/1/22 | Additions | Disposals | Balance 6/30/23 |
|---|-------------------|--------------------|-------------|--------------------|
| <i>Business-type Activities:</i> | | | | |
| Depreciable: | | | | |
| Equipment and furniture | 411,981 | - | - | 411,981 |
| Less accumulated depreciation | (351,245) | (19,681) | - | (370,926) |
| Capital assets, net | <u>\$ 60,736</u> | <u>\$ (19,681)</u> | <u>\$ -</u> | <u>\$ 41,055</u> |

Depreciation expense of \$19,681 was charged to the food service segment.

6. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with commercial carriers for property and fleet insurance, liability insurance and inland marine coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage in the last year.

For fiscal year 2023, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated, and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgewick provides administrative, cost control and actuarial services to the GRP.

For fiscal year 2023, the School District participated in the Clermont County Health Trust (the Trust), a group insurance purchasing pool (Note 13), in order to provide dental, life, medical, and disability benefits to employees, their dependents and designated beneficiaries and to set aside funds for such purposes. The Trustee provides insurance policies in whole or in part through one or more group insurance policies.

7. PENSION PLANS

Net Pension Liability

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

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

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

| Benefits | | Eligible to Retire on or before August 1, 2017* | Eligible to Retire 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 Benefits | Reduced | Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |

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

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

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

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

The School District's contractually required contribution to SERS was \$440,517 for fiscal year 2023.

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.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service.

For members who were eligible to retire on July 1, 2015, the annual benefit is the greater of the benefit amount calculated upon retirement under the new benefit formula or the frozen benefit amount as of July 1, 2015. Effective August 1, 2021 to July 1, 2023, any member can retire with unreduced benefits with 34 years of service credit at any age or 5 years of service credit and age 65. Retirement eligibility for reduced benefits is 30 years of service credit at any age; or 29 years of service credit and age 55; or 5 years of service credit and age 60. Effective on or after August 1, 2023, any member can retire with unreduced benefits with 35 years of service credit at any age or 5 years of service credit at age 65. 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 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liabilities. Effective July 1, 2022, 2.91% of salaries are used to pay for unfunded liabilities. 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 CO Plan offers features of both the DB Plan and the DC Plan. In the CO Plan, 12% of the 14% member rate is deposited into the member's DC account and the remaining 2% 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 CO Plan payment is payable to a member on or after age 60 with 5 years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

New members who choose the DC Plan or CO 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 Ohio plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's CO Plan account to a lifetime benefit results in STRS Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

A DB or CO 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 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

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.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2023, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2023 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,553,459 for fiscal year 2023. Of this amount, \$259,896 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows and Inflows of Resources for Pensions

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

| | SERS | STRS | Total |
|--|--------------|---------------|---------------|
| Proportionate Share of the Net Pension Liability | \$ 4,223,450 | \$ 18,765,356 | \$ 22,988,806 |
| Proportion of the Net Pension Liability | 0.07809% | 0.08441% | |
| Change in Proportion | -0.00537% | 0.00201% | |
| (Negative) Pension Expense | \$ 307,258 | \$ 2,455,296 | \$ 2,762,554 |

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

| | SERS | STRS | Total |
|--|-------------------|---------------------|---------------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$ 171,053 | \$ 240,221 | \$ 411,274 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 652,994 | 652,994 |
| Change in assumptions | 41,674 | 2,245,650 | 2,287,324 |
| Change in School District's proportionate share and difference in employer contributions | 79,652 | 1,120,339 | 1,199,991 |
| School District's contributions subsequent to the measurement date | 440,517 | 1,553,459 | 1,993,976 |
| Total Deferred Outflows of Resources | <u>\$ 732,896</u> | <u>\$ 5,812,663</u> | <u>\$ 6,545,559</u> |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

| | SERS | STRS | Total |
|--|-------------------|---------------------|---------------------|
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$ 27,726 | \$ 71,784 | \$ 99,510 |
| Net difference between projected and actual earnings on pension plan investments | 147,379 | - | 147,379 |
| Change in assumptions | - | 1,690,329 | 1,690,329 |
| Change in School District's proportionate share and difference in employer contributions | 188,711 | 9,666 | 198,377 |
| Total Deferred Inflows of Resources | \$ 363,816 | \$ 1,771,779 | \$ 2,135,595 |

\$1,993,976 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 net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|-----------------------------|--------------------|---------------------|---------------------|
| 2024 | \$ 1,324 | \$ 441,320 | \$ 442,644 |
| 2025 | (107,147) | 340,335 | 233,188 |
| 2026 | (210,534) | (197,342) | (407,876) |
| 2027 | 244,920 | 1,903,112 | 2,148,032 |
| | <u>\$ (71,437)</u> | <u>\$ 2,487,425</u> | <u>\$ 2,415,988</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.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will consider the employee's entire career with the employer and 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.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

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

| | |
|--|--|
| Inflation | 2.40% |
| Future Salary Increases, including Inflation | 3.25% to 13.58% |
| COLA or Ad Hoc COLA | 2.00%, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following retirement |
| Investment Rate of Return | 7.00% net of investment expense, including inflation |
| Actuarial Cost Method | Entry Age Normal |

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among 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% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%), or one percentage point higher (8.0%) than the current rate.

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|-----------------------|------------------------------------|-----------------------|
| School District's proportionate share of the net pension liability | \$6,216,717 | \$4,223,450 | \$2,544,150 |

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|--|
| Inflation | 2.50% |
| Salary increases | Varies by service from 2.5% to 8.5% |
| Payroll increases | 3.00% |
| Investment rate of return | 7.00%, net of investment expenses, including inflation |
| Discount rate of return | 7.00% |
| Cost-of-living adjustments (COLA) | 0% |

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

7. PENSION PLANS (continued)

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate – The discount rate used to measure the total pension liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.0% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.0%, 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 (6.0%) or one-percentage-point higher (8.0%) than the current rate:

| | 1% Decrease (6.0%) | Current Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|-------------------------------|---|-------------------------------|
| School District's proportionate share of the net pension liability | \$28,347,620 | \$18,765,356 | \$10,661,726 |

Social Security System

All employees not otherwise covered by SERS or STRS have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. Members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS

Net OPEB Liability (Asset)

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* or fully-funded benefits as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description—SERS' Health Care program provides health care 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.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

Funding Policy— State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, the minimum compensation amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$58,903. The entire amount is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description—The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS Board to offer this plan.

Coverage under the current program includes hospitalization, physicians' fees and prescription drugs and partial reimbursement of the monthly Medicare Part B premiums. Pursuant to the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by the Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--------------------------------|--------------|----------------|----------------|
| Proportionate Share of the Net | | | |
| OPEB Liability (Asset) | \$ 1,126,555 | \$ (2,185,761) | \$ (1,059,206) |
| Proportion of the Net OPEB | | | |
| Liability (Asset) | 0.08024% | 0.08441% | |
| Change in Proportion | -0.00520% | 0.00201% | |
| (Negative) OPEB Expense | \$ 9,531 | \$ (381,560) | \$ (372,029) |

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--|---------------------|---------------------|---------------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$ 9,471 | \$ 31,686 | \$ 41,157 |
| Net difference between projected and actual earnings on OPEB plan investments | 5,855 | 38,049 | 43,904 |
| Change in assumptions | 179,194 | 93,106 | 272,300 |
| Change in School District's proportionate share and difference in employer contributions | 341,822 | 25,439 | 367,261 |
| School District's contributions subsequent to the measurement date | <u>58,903</u> | <u>-</u> | <u>58,903</u> |
| Total Deferred Outflows of Resources | <u>\$ 595,245</u> | <u>\$ 188,280</u> | <u>\$ 783,525</u> |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$ 720,626 | \$ 328,260 | \$ 1,048,886 |
| Change in assumptions | 462,461 | 1,549,914 | 2,012,375 |
| Change in School District's proportionate share and difference in employer contributions | <u>308,737</u> | <u>21,589</u> | <u>330,326</u> |
| Total Deferred Inflows of Resources | <u>\$ 1,491,824</u> | <u>\$ 1,899,763</u> | <u>\$ 3,391,587</u> |

\$58,903 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability and increase of the net OPEB asset in the fiscal year ending June 30, 2024.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

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

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|-----------------------------|---------------------|-----------------------|-----------------------|
| 2024 | \$ (140,083) | \$ (488,992) | \$ (629,075) |
| 2025 | (220,138) | (503,664) | (723,802) |
| 2026 | (215,560) | (234,907) | (450,467) |
| 2027 | (115,994) | (97,133) | (213,127) |
| 2028 | (89,460) | (127,618) | (217,078) |
| 2029 - 2031 | (174,247) | (259,169) | (433,416) |
| | <u>\$ (955,482)</u> | <u>\$ (1,711,483)</u> | <u>\$ (2,666,965)</u> |

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 consider the employee's entire career with the employer and 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, prepared as of June 30, 2022, are presented below:

| | |
|---|--|
| Investment Rate of Return | 7.00% net of investment expense, including inflation |
| Wage Inflation | 2.40% |
| Future Salary Increases, including Inflation | 3.25% to 13.58% |
| Municipal Bond Index Rate: | |
| Current measurement period | 3.69% |
| Prior measurement period | 1.92% |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation: | |
| Current measurement period | 4.08% |
| Prior measurement period | 2.27% |
| Medical Trend Assumption | 7.00% - 4.40% |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

Mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Health Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among 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% for males and set forward 3 years and adjusted 106.8% for females. Mortality among contingent survivors were based upon the PUB-2010 General Amount Weighed Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. The PUB-2010 General Amount Weighted Below Median Employee mortality table was used for active members. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2015 to June 30, 2020 adopted by the Board on April 15, 2021.

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 ere 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 time frame. 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 fundamental change in the market rate.

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

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

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 1.5% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and no contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2044. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2043 and the Municipal Bond Index rate of 3.69% as of June 30, 2022 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 4.08%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08%) and one percentage point higher (5.08%) than the current rate.

| | 1% Decrease (3.08%) | Current Discount Rate (4.08%) | 1% Increase (5.08%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net OPEB liability | \$1,399,199 | \$1,126,555 | \$906,458 |

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and one percentage point higher (8.00% decreasing to 5.40%) than the current rates.

| | 1% Decrease (6.00% decreasing to 3.40%) | Current Trend Rates (7.00% decreasing to 4.40%) | 1% Increase (8.00% decreasing to 5.40%) |
|--|---|--|---|
| School District's proportionate share of the net OPEB liability | \$868,777 | \$1,126,555 | \$1,463,257 |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

Actuarial Assumptions - STRS

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

| | | |
|---------------------------|---|-----------------|
| Salary increases | Varies by service from 2.5% to 8.5% | |
| Payroll increases | 3.0% | |
| Investment rate of return | 7.0%, net of investment expenses, including inflation | |
| Discount rate of return | 7.0% | |
| Health care cost trends | <u>Initial</u> | <u>Ultimate</u> |
| Medical | | |
| Pre-Medicare | 7.50% | 3.94% |
| Medicare | -68.78% | 3.94% |
| Prescription Drug | | |
| Pre-Medicare | 9.00% | 3.94% |
| Medicare | -5.47% | 3.94% |

Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Additionally, healthcare trends were updated to reflect emerging claims and recoveries experience.

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

The actuarial assumptions used in the June 30, 2022 valuation are based on the results of the latest available actual 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.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

8. OTHER POSTEMPLOYMENT BENEFIT (OPEB) PLANS (continued)

The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

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

Discount Rate – The discount rate used to measure the total OPEB liability was 7.0% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on OPEB plan assets of 7.0% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB (Asset) to Changes in the Discount Rate and the Health Care Cost Trend Rates – The following table presents the School District's proportionate share of the net OPEB (asset) calculated using the current period discount rate assumption of 7.0%, as well as what the School District's proportionate share of the net OPEB (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.0%) and one percentage point higher (8.0%) than the current rate. Also shown is the net OPEB (asset) as if it were calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates:

| | <u>1% Decrease (6.0%)</u> | <u>Current Discount Rate (7.0%)</u> | <u>1% Increase (8.0%)</u> |
|---|-------------------------------|---|-------------------------------|
| School District's proportionate share of the net OPEB (asset) | (\$2,020,679) | (\$2,185,761) | (\$2,327,169) |

| | <u>1% Decrease</u> | <u>Current Trend Rates</u> | <u>1% Increase</u> |
|---|--------------------|--------------------------------|--------------------|
| School District's proportionate share of the net OPEB (asset) | (\$2,267,166) | (\$2,185,761) | (\$2,083,008) |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

9. EMPLOYEE BENEFITS

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 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees (not to exceed vacation leave accrued for the (2) years immediately preceding their separation and the prorated portion of their earned but unused vacation leave for the current year) and administrators upon termination of employment. Teachers do not earn vacation time. All full-time employees earn sick leave at the rate of 1.25 days per month. Sick leave may be accumulated up to maximum of 268 days for teachers, 265 days for classified staff and unlimited days for administrators. Upon retirement, payment is made for 25% of the employee's accumulated sick leave up to a maximum of 67 days for teachers and administrators, and 66.25 days for classified employees.

10. LONG-TERM OBLIGATIONS

During the fiscal year 2023, the following changes occurred in long-term obligations.

| | Balance Outstanding 7/1/22 | Additions | Reductions | Balance Outstanding 6/30/23 | Amounts Due in One Year |
|---|----------------------------------|-------------------|-----------------------|-----------------------------------|-------------------------------|
| <i>Governmental Activities:</i> | | | | | |
| General obligation bonds | \$ 31,770,000 | \$ - | \$ (1,640,000) | \$ 30,130,000 | \$ 940,000 |
| Unamortized premiums | 2,901,860 | - | (131,806) | 2,770,054 | - |
| Compensated absences | 1,588,407 | 178,354 | (95,183) | 1,671,578 | 63,311 |
| Total Governmental Activities | <u>\$ 36,260,267</u> | <u>\$ 178,354</u> | <u>\$ (1,866,989)</u> | <u>\$ 34,571,632</u> | <u>\$ 1,003,311</u> |
| <i>Business-type Activities:</i> | | | | | |
| Compensated absences | <u>\$ 23,052</u> | <u>\$ 3,208</u> | <u>\$ (3,567)</u> | <u>\$ 22,693</u> | <u>\$ 1,137</u> |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

10. LONG-TERM OBLIGATIONS (continued)

Batavia Junior High School Addition General Obligation Bonds – In 1998, the School District issued \$9,150,000 in voted general obligation bonds for the purpose of an addition and improvements to the junior high school building. The bonds were issued for a 25-year period and paid an interest rate of 5.625%. These bonds matured on December 1, 2022 and were retired from the Debt Service Fund.

HB 264, Series 2011 School Improvement Bonds – In August 2011, the School District issued \$520,000 in HB 264, Series 2011 School Improvement Bonds, composed of two series, one due on December 1, 2018 and the other due on December 1, 2025, paying with interest rates between 2.75% and 4.00%, respectively, to finance energy conservation projects and will be retired from the General Fund.

Series 2013 Classroom Facilities School Improvement Bonds – In April 2013, the School District issued \$9,822,448 in unlimited tax general obligation bonds, comprised of serial, term and capital appreciation bonds, to finance the construction of a new elementary school building. These bonds were partially refunded during a prior fiscal year. The remaining unrefunded bonds of \$1,215,000 matured on December 1, 2024, and were retired from the Debt Service Fund.

Series 2013B Classroom Facilities School Improvement Bonds – In May 2013, the School District issued \$3,820,000 in general obligation bonds, comprised of serial and term bonds, to refinance bond anticipation notes issued in December 2012, to finance the construction of the new elementary school building. These bonds were partially refunded during a prior fiscal year. The remaining unrefunded bonds of \$120,000 matured on December 1, 2022, and were retired from the Debt Service Fund.

Series 2019A School Improvement Bonds – In August 2019, the School District issued \$3,445,000 in unlimited tax general obligation bonds, comprised of serial and term bonds, to refinance bond anticipation notes issued in December 2018 and to finance various improvements to school facilities. These bonds have a final maturity of November 1, 2037, bear interest rates ranging from 3.0% to 4.0% and will be retired from the Debt Service Fund.

The term bonds, issued at \$490,000 and maturing on November 1, 2031 and November 1, 2033, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2030 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to date of redemption according to the following schedule:

| Fiscal Year | Amount |
|----------------|------------|
| 2031 | \$ 115,000 |
| 2032 | 125,000 |
| 2033 | 125,000 |
| 2034 | 125,000 |
| | \$ 490,000 |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

10. LONG-TERM OBLIGATIONS (continued)

Bonds maturing on or after November 1, 2030 are subject to optional redemption, in whole or in part on any date at the option of the Board on or after November 1, 2029 at par plus accrued interest to the date of redemption.

Series 2019B School Unlimited Bonds – In October 2019, the School District issued \$19,650,000 in unlimited tax general obligation bonds, comprised of serial and term bonds, to finance the construction of a new high school and middle school building and various improvements and renovations. These bonds have a final maturity of November 1, 2050, bear interest rates ranging from 3.0% to 4.0%, and will be retired from the Debt Service Fund. At June 30, 2023, there was \$8,461,487 remaining to be spent.

The term bonds, issued at \$9,685,000 and maturing on November 1, 2041, November 1, 2044, and November 1, 2050, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on November 1, 2040 and each November 1 thereafter at 100% of the principal amount thereof plus accrued interest to date of redemption according to the following schedule:

| Fiscal Year | Amount |
|----------------|--------------|
| 2041 | \$ 730,000 |
| 2042 | 760,000 |
| 2043 | 790,000 |
| 2044 | 820,000 |
| 2045 | 850,000 |
| 2046 | 885,000 |
| 2047 | 915,000 |
| 2048 | 940,000 |
| 2049 | 970,000 |
| 2050 | 1,000,000 |
| 2051 | 1,025,000 |
| | \$ 9,685,000 |

Bonds maturing on or after November 1, 2030 are subject to optional redemption, in whole or in part on any date at the option of the Board on or after November 1, 2029 at par plus accrued interest to the date of redemption.

Series 2021 School Improvement Unlimited Refunding Bonds – In April 2021, the School District issued \$8,545,000 in unlimited tax general obligation bonds, comprised of serial and term bonds, for the purpose of refunding a portion of the School District's Classroom Facilities School Improvement General Obligation Bonds, Series 2013 and refunding a portion of the School District's Classroom Facilities School Improvement General Obligation Bonds, Series 2013B. These bonds have a final maturity of December 1, 2040, bear interest rates ranging from 3.0% to 4.0%, and will be retired from the Debt Service Fund. The refunding reduced the School District's total debt service payments by \$2,105,638 to obtain an economic gain (difference between the present value of the debt service payments on the old and new bonds) of \$1,817,272.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

10. LONG-TERM OBLIGATIONS (continued)

The term bonds, issued at \$5,590,000 and maturing on December 1, 2032, December 1, 2034, December 1, 2036, December 1, 2038, and December 1, 2040, are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2031 and each December 1 thereafter at 100% of the principal amount thereof plus accrued interest to date of redemption according to the following schedule:

| Fiscal Year | Amount |
|----------------|---------------------|
| 2032 | \$ 480,000 |
| 2033 | 500,000 |
| 2034 | 515,000 |
| 2035 | 535,000 |
| 2036 | 550,000 |
| 2037 | 570,000 |
| 2038 | 580,000 |
| 2039 | 600,000 |
| 2040 | 620,000 |
| 2041 | 640,000 |
| | <u>\$ 5,590,000</u> |

Bonds maturing on or after December 1, 2031 are subject to optional redemption, in whole or in part on any date at the option of the Board on or after December 1, 2030 at par plus accrued interest to the date of redemption.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences, net pension liabilities and net OPEB liabilities will be paid from the fund from which the employees' salaries are paid, generally the General and Food Service funds.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023 are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|--------------------------------|----------------------|----------------------|----------------------|
| 2024 | \$ 940,000 | \$ 1,023,013 | \$ 1,963,013 |
| 2025 | 975,000 | 990,437 | 1,965,437 |
| 2026 | 970,000 | 956,450 | 1,926,450 |
| 2027 | 970,000 | 921,725 | 1,891,725 |
| 2028 | 1,000,000 | 886,525 | 1,886,525 |
| 2029-2033 | 5,590,000 | 3,853,175 | 9,443,175 |
| 2034-2038 | 6,765,000 | 2,770,175 | 9,535,175 |
| 2039-2043 | 5,515,000 | 1,656,250 | 7,171,250 |
| 2044-2048 | 4,410,000 | 806,000 | 5,216,000 |
| 2049-2051 | 2,995,000 | 136,425 | 3,131,425 |
| Total | <u>\$ 30,130,000</u> | <u>\$ 14,000,175</u> | <u>\$ 44,130,175</u> |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

11. FUND BALANCES

Governmental fund balance is classified as restricted, 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 fund balance for the major governmental funds and all other governmental funds are presented below:

| Governmental Fund Balances | General | Debt Service | Classroom Facilities | Other Governmental Funds | Total Governmental Funds |
|------------------------------------|---------------------|----------------------|----------------------|--------------------------|--------------------------|
| <i>Nonspendable</i> | | | | | |
| Prepays | \$ 2,926 | \$ - | \$ - | \$ - | \$ 2,926 |
| <i>Restricted for</i> | | | | | |
| School facility improvements | - | - | 4,866,560 | 3,057,914 | 7,924,474 |
| Scholarships | - | - | - | 26,662 | 26,662 |
| Athletics and student activities | - | - | - | 273,575 | 273,575 |
| Miscellaneous State Grants | - | - | - | 50,152 | 50,152 |
| Limited English Proficiency | - | - | - | 7,345 | 7,345 |
| Drug Free Schools | - | - | - | 7,867 | 7,867 |
| Supporting Effective Instruction | - | - | - | 84,859 | 84,859 |
| Other Purposes | - | - | - | 4,000 | 4,000 |
| Debt Service Payments | - | 11,324,535 | - | - | 11,324,535 |
| Capital Improvements | - | - | - | 3,497,832 | 3,497,832 |
| <i>Total Restricted</i> | - | 11,324,535 | 4,866,560 | 7,010,206 | 23,201,301 |
| <i>Assigned to</i> | | | | | |
| Encumbrances | 246,341 | - | - | - | 246,341 |
| Public School Support | 102,778 | - | - | - | 102,778 |
| Budget Resource | 140,000 | - | - | - | 140,000 |
| <i>Total Assigned</i> | 489,119 | - | - | - | 489,119 |
| <i>Unassigned (Deficit)</i> | 4,436,141 | - | - | (2,069,594) | 2,366,547 |
| <i>Total</i> | \$ 4,928,186 | \$ 11,324,535 | \$ 4,866,560 | \$ 4,940,612 | \$ 26,059,893 |

12. JOINTLY GOVERNED ORGANIZATIONS

The Hamilton Clermont Cooperative Information Technology Center

The Hamilton Clermont Cooperative Information Technology Center (HCC) is a jointly governed organization among a two-county consortium of school districts. HCC is an association of public districts in a geographic area determined by the Ohio Department of Education and Workforce. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The executive committee is the managerial body responsible for directing and supervising the daily operation of HCC. The executive committee is composed of up to 12 members; two superintendents from each county, the superintendent from each county educational service center (ESC), one treasurer from each county, and the treasurer from each county ESC serving as non-voting ex officio members. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

12. JOINTLY GOVERNED ORGANIZATIONS (continued)

The Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the School District. The School District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks at 3254 East Kemper Road, Cincinnati, Ohio 45241.

13. INSURANCE PURCHASING POOLS

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

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

The Clermont County Health Trust

The Clermont County Health Trust (the Trust), an insurance purchasing pool, is a health trust formed to provide affordable and desirable dental, life, medical, and other disability group insurance for member's employees, eligible dependents and designated beneficiaries of such employees. The Board of Directors consists of one representative from each of the participating members and is elected by the vote of a majority of the member school districts. The School District pays premiums to a third-party administrator which in turns buys the insurance policies from various insurance companies. Upon termination, the School District shall be responsible for prompt payment of all plan liabilities accruing as a result of such termination and maintain no right to any assets of the Trust. The School District may terminate participation in the Trust for the benefit of its employees upon written notice to the Trustee delivered at least sixty days prior to the annual review date of the policy. Financial information can be obtained from the Clermont County Health Trust at P. O. Box 526, Middletown, Ohio 45042.

14. TAX ABATEMENTS

A tax abatement incentive is an agreement between the local government and an individual or entity in which the local government promises to forgo tax revenue, while the individual or entity promises to take a specific action after the agreement has been entered into that contributes to the economic development or otherwise benefits the local government or the citizens of the local government. The School District's property tax revenues were reduced by \$848,671 under Enterprise Zone (EZ) agreements entered into by Clermont County.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

14. TAX ABATEMENTS (continued)

The EZ Program is an economic development tool administered by the County pursuant to Ohio Revised Code Section 5709 to provide real and personal property tax exemptions to businesses making investments within an enterprise zone. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The EZ Program can provide tax exemptions, up to 100%, for a portion of the value of new real and personal property investment (when that personal property is still taxable) when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are generally not eligible.

15. CONTINGENCIES

Grant Funding

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

Litigation

The School District is party to legal proceedings and is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

16. REQUIRED SET-ASIDES

The School District is required by State Statute to annually set aside in the general fund an amount based on the statutory formula for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. Although no longer required by state statute, a budget stabilization reserve may still be set aside at the discretion of the School District. The following cash basis information describes the change in the year-end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

| | <u>Capital Improvements</u> |
|---|---------------------------------|
| Set-aside reserve balance as of June 30, 2022 | \$ - |
| Current year set-aside requirement | 509,497 |
| Current year qualifying disbursements | (514,905) |
| Current year offsets | <u>(122,975)</u> |
| Total | <u>\$ (128,383)</u> |
| Set-aside reserve balance as of June 30, 2023 | <u>\$ -</u> |

The School District has offsets and qualifying disbursements during the fiscal year that reduced the set aside amount for capital improvements to below zero. The excess does not carry forward to future periods.

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

17. ACCOUNTABILITY AND COMPLIANCE

Accountability

At June 30, 2023, the following funds had deficit fund balances:

| | |
|-----------------------------------|------------|
| Other Governmental Funds: | |
| ESSER Fund | \$ 991,260 |
| IDEA, Part B Fund | 572,731 |
| Vocational Education Fund | 2,627 |
| Title I Fund | 485,375 |
| Miscellaneous Federal Grants Fund | 17,601 |

The deficit fund balance was created by the application of generally accepted accounting principles or negative cash balances. Transfers are made to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance

The School District had noncompliance with Ohio Revised Code Sections 5705.36 and 5709.39 for not amending the certificate of estimated resources and not re-certifying audited unencumbered balances at July 1, 2022 and noncompliance with Ohio Revised Code Section 5705.36(A)(4) for appropriations in excess of actual resources.

The School District had noncompliance with Ohio Revised Code Section 5705.40 and 5705.41(B) for expenditures in excess of appropriations.

The School District had deficit cash fund balances not covered by a project cash request in noncompliance with Ohio Revised Code Section 5705.10.

The School District had noncompliance with Ohio Administrative Code Section 117-2-02(C)(1) as the County Budget Commission approved estimated receipts and Board of Education approved appropriations were not incorporated/entered in the School District's financial accounting system.

18. COMMITMENTS

Encumbrances

The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District's outstanding encumbrance amounts at June 30, 2023 were:

| | |
|-----------------------------------|---------------------|
| General Fund | \$ 720,098 |
| Classroom Facilities Project Fund | 5,868,366 |
| Other Governmental Funds | <u>1,620,103</u> |
| | <u>\$ 8,208,567</u> |

BATAVIA LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
Year Ended June 30, 2023

18. COMMITMENTS (continued)

Contractual

The School District had the following significant contractual commitments at June 30, 2023:

| <u>Vendor</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Amount Expended</u> | <u>Balance at June 30, 2023</u> |
|---------------|-------------------|----------------------------|----------------------------|-------------------------------------|
| Monarch | New Middle School | \$20,505,712 | \$18,277,107 | \$ 2,228,605 |
| Monarch | New High School | 26,192,865 | 23,677,384 | 2,515,481 |

19. OTHER LOCAL REVENUES

Other Local Revenues for the Other Governmental Funds on the Statement of Revenues, Expenditures, and Changes in Fund Balances are made up of extracurricular receipts.

REQUIRED SUPPLEMENTARY INFORMATION

BATAVIA LOCAL SCHOOL DISTRICT

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund

Balance - Budget and Actual (Non-GAAP Budgetary Basis)

General Fund

Year Ended June 30, 2023

| | Original Budget | Final Budget | Actual | Variance With Final Budget |
|---|---------------------|---------------------|---------------------|----------------------------------|
| Revenues: | | | | |
| Taxes | \$ 7,816,054 | \$ 7,816,054 | \$ 8,321,677 | \$ 505,623 |
| Payments in lieu of taxes | 1,591,424 | 1,591,424 | 1,694,374 | 102,950 |
| Tuition and fees | 231,647 | 231,647 | 246,632 | 14,985 |
| Interest | 34,640 | 34,640 | 36,881 | 2,241 |
| Intergovernmental | 12,804,842 | 12,804,842 | 13,633,191 | 828,349 |
| Other local revenues | 973,951 | 973,951 | 1,036,955 | 63,004 |
| Total revenues | <u>23,452,558</u> | <u>23,452,558</u> | <u>24,969,710</u> | <u>1,517,152</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 12,425,589 | 12,222,950 | 12,111,395 | 111,555 |
| Special education | 5,051,839 | 4,966,306 | 5,112,187 | (145,881) |
| Other instruction | 12,170 | 11,963 | 12,320 | (357) |
| Support services: | | | | |
| Pupil | 519,654 | 510,890 | 523,860 | (12,970) |
| Instructional staff | 189,217 | 186,444 | 165,751 | 20,693 |
| Board of Education | 289,477 | 285,099 | 261,649 | 23,450 |
| Administration | 1,719,986 | 1,690,931 | 1,736,546 | (45,615) |
| Fiscal | 854,450 | 841,999 | 744,157 | 97,842 |
| Operation and maintenance of plant | 1,879,191 | 1,850,400 | 1,720,789 | 129,611 |
| Pupil transportation | 2,038,145 | 2,006,163 | 1,911,485 | 94,678 |
| Central | 214,652 | 211,052 | 215,179 | (4,127) |
| Non-instructional services: | | | | |
| Extracurricular activities | 325,397 | 319,885 | 329,420 | (9,535) |
| Capital outlay | 10,000 | 10,000 | 10,000 | - |
| Debt service | 48,677 | 48,677 | 48,677 | - |
| Total expenditures | <u>25,578,444</u> | <u>25,162,759</u> | <u>24,903,415</u> | <u>259,344</u> |
| Excess (deficiency) of revenue over (under) expenditures | (2,125,886) | (1,710,201) | 66,295 | 1,776,496 |
| Other financing sources (uses): | | | | |
| Transfers in | - | - | 3,015 | 3,015 |
| Transfers out | - | (230,985) | (230,985) | - |
| Other financing sources | - | - | 950 | 950 |
| Total other financing sources (uses) | <u>-</u> | <u>(230,985)</u> | <u>(227,020)</u> | <u>3,965</u> |
| Net change in fund balance | (2,125,886) | (1,941,186) | (160,725) | <u>\$ 1,780,461</u> |
| Fund balance, beginning of year | 2,533,960 | 2,533,960 | 2,533,960 | |
| Prior year encumbrances appropriated | 978,443 | 978,443 | 978,443 | |
| Fund balance, end of year | <u>\$ 1,386,517</u> | <u>\$ 1,571,217</u> | <u>\$ 3,351,678</u> | |

See accompanying notes to required supplementary information.

Batavia Local School District

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net Pension Liability

and School District Pension Contributions

School Employees Retirement System of Ohio

| Measurement Date Fiscal Year (1) | School District's Proportion of the Net Pension Liability | School District's Proportionate Share of the Net Pension Liability | School District's Covered Payroll | School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|--|---|---|--|--|
| 2014 | 0.07645% | \$ 4,546,415 | \$ 2,019,530 | 225.12% | 65.52% |
| 2015 | 0.07645% | 3,869,243 | 2,008,478 | 192.65% | 71.70% |
| 2016 | 0.07090% | 4,045,480 | 2,392,223 | 169.11% | 69.16% |
| 2017 | 0.07462% | 5,461,617 | 2,410,850 | 226.54% | 62.98% |
| 2018 | 0.06093% | 3,640,196 | 2,565,479 | 141.89% | 69.50% |
| 2019 | 0.09259% | 5,303,063 | 2,795,170 | 189.72% | 71.36% |
| 2020 | 0.07816% | 4,676,322 | 2,802,644 | 166.85% | 70.85% |
| 2021 | 0.08004% | 5,294,395 | 3,658,707 | 144.71% | 68.55% |
| 2022 | 0.08346% | 3,079,306 | 2,880,136 | 106.92% | 82.86% |
| 2023 | 0.07809% | 4,223,450 | 3,036,279 | 139.10% | 75.82% |

(1) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------|--|---|--|---|---|
| 2014 | 278,375 | \$ (278,375) | \$ - | 2,008,478 | 13.86% |
| 2015 | 315,295 | (315,295) | - | 2,392,223 | 13.18% |
| 2016 | 337,519 | (337,519) | - | 2,410,850 | 14.00% |
| 2017 | 359,167 | (359,167) | - | 2,565,479 | 14.00% |
| 2018 | 377,348 | (377,348) | - | 2,795,170 | 13.50% |
| 2019 | 378,357 | (378,357) | - | 2,802,644 | 13.50% |
| 2020 | 512,219 | (512,219) | - | 3,658,707 | 14.00% |
| 2021 | 403,219 | (403,219) | - | 2,880,136 | 14.00% |
| 2022 | 425,079 | (425,079) | - | 3,036,279 | 14.00% |
| 2023 | 440,517 | (440,517) | - | 3,146,550 | 14.00% |

See Notes to Required Supplementary Information.

Batavia Local School District

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net Pension Liability

and School District Pension Contributions

State Teachers Retirement System of Ohio

| Measurement Date Fiscal Year (1) | School District's Proportion of the Net Pension Liability | School District's Proportionate Share of the Net Pension Liability | School District's Covered Payroll | School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|--|--|---|---|--|--|
| 2014 | 0.07378% | \$ 21,378,048 | \$ 8,281,815 | 258.13% | 69.3% |
| 2015 | 0.07378% | 17,946,747 | 8,118,554 | 221.06% | 74.7% |
| 2016 | 0.07513% | 20,763,395 | 7,786,950 | 266.64% | 72.1% |
| 2017 | 0.07622% | 25,512,880 | 8,635,571 | 295.44% | 66.8% |
| 2018 | 0.07914% | 18,799,607 | 9,710,864 | 193.59% | 75.3% |
| 2019 | 0.07768% | 17,079,378 | 9,786,564 | 174.52% | 77.3% |
| 2020 | 0.07676% | 16,974,468 | 9,917,971 | 171.15% | 77.4% |
| 2021 | 0.07826% | 18,935,143 | 10,342,179 | 183.09% | 75.5% |
| 2022 | 0.08240% | 10,535,934 | 11,398,157 | 92.44% | 87.8% |
| 2023 | 0.08441% | 18,765,356 | 10,974,229 | 170.99% | 78.9% |

(1) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

| Fiscal Year | Contractually Required Contributions | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|----------------|--|---|--|---|---|
| 2014 | 1,055,412 | \$ (1,055,412) | \$ - | 8,118,554 | 13.00% |
| 2015 | 1,090,173 | (1,090,173) | - | 7,786,950 | 14.00% |
| 2016 | 1,208,980 | (1,208,980) | - | 8,635,571 | 14.00% |
| 2017 | 1,359,521 | (1,359,521) | - | 9,710,864 | 14.00% |
| 2018 | 1,370,119 | (1,370,119) | - | 9,786,564 | 14.00% |
| 2019 | 1,388,516 | (1,388,516) | - | 9,917,971 | 14.00% |
| 2020 | 1,447,905 | (1,447,905) | - | 10,342,179 | 14.00% |
| 2021 | 1,595,742 | (1,595,742) | - | 11,398,157 | 14.00% |
| 2022 | 1,536,392 | (1,536,392) | - | 10,974,229 | 14.00% |
| 2023 | 1,553,459 | (1,553,459) | - | 11,096,136 | 14.00% |

See Notes to Required Supplementary Information.

Batavia Local School District

Required Supplementary Information

Schedules of School District's Proportionate Share of the Net OPEB Liability

and School District OPEB Contributions

School Employees Retirement System of Ohio

| Measurement Date Fiscal Year (1)(2) | School District's Proportion of the Net OPEB Liability | School District's Share of the Net OPEB Liability | School District's Covered Payroll | School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|-------------------------------------|--|---|-----------------------------------|--|---|
| 2017 | 0.07544% | \$ 2,150,188 | \$ 2,410,850 | 89.19% | 11.49% |
| 2018 | 0.06176% | 1,657,605 | 2,565,479 | 64.61% | 12.46% |
| 2019 | 0.09213% | 2,555,904 | 2,795,170 | 91.44% | 13.57% |
| 2020 | 0.07805% | 1,962,901 | 2,802,644 | 70.04% | 15.57% |
| 2021 | 0.07917% | 1,720,535 | 3,658,707 | 47.03% | 18.17% |
| 2022 | 0.08544% | 1,617,111 | 2,880,136 | 56.15% | 24.08% |
| 2023 | 0.08024% | 1,126,555 | 3,036,279 | 37.10% | 30.34% |

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|-----------------|--|---|----------------------------------|-----------------------------------|--|
| 2016 | \$ 37,374 | \$ (37,374) | \$ - | \$ 2,410,850 | 1.55% |
| 2017 | 33,381 | (33,381) | - | 2,565,479 | 1.30% |
| 2018 | 54,400 | (54,400) | - | 2,795,170 | 1.95% |
| 2019 | 52,085 | (52,085) | - | 2,802,644 | 1.86% |
| 2020 | 32,424 | (32,424) | - | 3,658,707 | 0.89% |
| 2021 | 52,074 | (52,074) | - | 2,880,136 | 1.81% |
| 2022 | 54,424 | (54,424) | - | 3,036,279 | 1.79% |
| 2023 | 58,903 | (58,903) | - | 3,146,550 | 1.87% |

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) Includes Surcharge.

See Notes to Required Supplementary Information.

Batavia Local School District
Required Supplementary Information
Schedules of School District's Proportionate Share of the Net OPEB Liability/(Asset)
and School District OPEB Contributions
State Teachers Retirement System of Ohio

| Measurement Date Fiscal Year (1)(2) | School District's Proportion of the Net OPEB Liability/ (Asset) | School District's Proportionate Share of the Net OPEB Liability/ (Asset) | School District's Covered Payroll | School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|---|---|--|---|---|---|
| 2017 | 0.07622% | \$ 4,076,225 | \$ 8,635,571 | 47.20% | 37.3% |
| 2018 | 0.07914% | 3,087,706 | 9,710,864 | 31.80% | 47.1% |
| 2019 | 0.07768% | (1,248,187) | 9,786,564 | (12.75%) | 176.0% |
| 2020 | 0.07676% | (1,271,290) | 9,917,971 | (12.82%) | 174.7% |
| 2021 | 0.07826% | (1,375,346) | 10,342,179 | (13.30%) | 182.1% |
| 2022 | 0.08240% | (1,737,395) | 11,398,157 | (15.24%) | 174.7% |
| 2023 | 0.08441% | (2,185,761) | 10,974,229 | (19.92%) | 230.7% |

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Amounts presented for each year were determined as of the School District's measurement date, which is the prior fiscal year-end.

| Fiscal Year (3) | Contractually Required Contributions (4) | Contributions in Relation to the Contractually Required Contributions | Contribution Deficiency (Excess) | School District's Covered Payroll | Contributions as a Percentage of Covered Payroll |
|--------------------|--|---|--|---|---|
| 2016 | \$ - | \$ - | \$ - | \$ 8,635,571 | 0.00% |
| 2017 | - | - | - | 9,710,864 | 0.00% |
| 2018 | - | - | - | 9,786,564 | 0.00% |
| 2019 | - | - | - | 9,917,971 | 0.00% |
| 2020 | - | - | - | 10,342,179 | 0.00% |
| 2021 | - | - | - | 11,398,157 | 0.00% |
| 2022 | - | - | - | 10,974,229 | 0.00% |
| 2023 | - | - | - | 11,096,136 | 0.00% |

(3) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(4) STRS allocated the entire 14% employer contribution rate towards pension benefits.

See Notes to Required Supplementary Information.

BATAVIA LOCAL SCHOOL DISTRICT

Required Supplementary Information

Notes to Required Supplementary Information

Year Ended June 30, 2023

Note A **Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Certain funds accounted for as separate funds internally with legally adopted budgets (budget basis) do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures for all funds (budget basis) rather than as an expenditure when liquidated (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP statements and the budgetary basis schedule:

| | <u>General</u> |
|--|---------------------|
| Net change in fund balance - GAAP Basis | \$ 1,086,099 |
| Increase / (decrease): | |
| Due to inclusion of the Public School Support Fund | 22,908 |
| Due to inclusion of the Employee Benefits Fund | (42,678) |
| Due to revenues | (805,656) |
| Due to expenditures | 297,751 |
| Due to other sources (uses) | 949 |
| Due to encumbrances | <u>(720,098)</u> |
| Net change in fund balance - Budget Basis | <u>\$ (160,725)</u> |

Batavia Local School District

Required Supplementary Information

Notes to Required Supplementary Information

School Employees Retirement System of Ohio

Notes to Pension Information

Changes of Benefit Terms

For measurement period 2017, the COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.50% with a floor of 0.0% beginning January 1, 2018. In addition, with the authority granted to the Board under Ohio House Bill 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

For measurement period 2018, with the authority granted to the Board under Ohio Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, 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.

Notes to OPEB Information

Changes of Benefit Terms

None noted.

Changes of Assumptions

For measurement period 2016, the assumed rate of inflation was reduced from 3.25% to 3.00%, the payroll growth assumption was reduced from 4.00% to 3.50%, the assumed real wage growth was reduced from 0.75% to 0.50%, the rates of withdrawal, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For measurement period 2021, 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.

For measurement period 2022, the discount rate was increased from 2.27% to 4.08% and the health care trend rates were updated.

Batavia Local School District
Required Supplementary Information
Notes to Required Supplementary Information
State Teachers Retirement System of Ohio

Notes to Pension Information

Changes of Benefit Terms

For measurement period 2017, the COLA was reduced to zero.

Changes of Assumptions

For the measurement period 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and 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. The health and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For measurement period 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement period 2022, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Notes to OPEB Information

Changes of Benefit Terms

For the measurement period 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% 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.

For the measurement period 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% 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.

For the measurement period 2019, there was no change to the claims cost process. Claims 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.

For measurement year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. 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.

For measurement year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For measurement year 2022, salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age-based to service-based.

Batavia Local School District
Required Supplementary Information
Notes to Required Supplementary Information
State Teachers Retirement System of Ohio
(continued)

Notes to OPEB Information (continued)

Changes of Assumptions

For measurement year 2017, the discount rate was increased from 3.26% to 4.13% 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% to 7.45%. 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 trends were modified along with the portion of rebated prescription drug costs.

For measurement year 2018, 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. Valuation year per capita health care costs were updated.

For measurement year 2021, the discount rate was adjusted to 7.00% from 7.45%.

For measurement year 2022, healthcare trends were updated to reflect emerging claims and recoveries experience.

SUPPLEMENTARY INFORMATION

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE | ASSISTANCE LISTING NUMBER | PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION | TOTAL EXPENDITURES OF FEDERAL AWARDS |
|---|--|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through the Ohio Department of Education and Workforce</i> | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 2022 | \$ 87,713 |
| School Breakfast Program | 10.553 | 2023 | 183,118 |
| Total School Breakfast Program | | | <u>270,831</u> |
| National School Lunch Program | 10.555 | 2022 | 226,064 |
| National School Lunch Program | 10.555 | 2023 | 547,680 |
| National School Lunch Program - Food Donation | 10.555 | 2023 | 82,285 |
| COVID-19 - National School Lunch Program - CN COVID FOOD PRO MANF | 10.555 | COVID-19, 2023 | 66,731 |
| Total National School Lunch Program | | | <u>922,760</u> |
| Total Child Nutrition Cluster | | | <u>1,193,591</u> |
| COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant | 10.649 | COVID-19, 2023 | 628 |
| Total U.S. Department of Agriculture | | | <u>1,194,219</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through the Ohio Department of Education and Workforce</i> | | | |
| Title I Grants to Local Educational Agencies | 84.010A | 84.010A, 2022 | 114,345 |
| Title I Grants to Local Educational Agencies | 84.010A | 84.010A, 2023 | 365,698 |
| Title I Grants to Local Educational Agencies - Delinquent | 84.010A | 84.010A, 2023 | 84,048 |
| Total Title I Grants to Local Educational Agencies | | | <u>564,091</u> |
| Special Education Cluster (IDEA) | | | |
| Special Education-Grants to States (IDEA, Part B) | 84.027A | 84.027A, 2023 | 572,731 |
| Special Education-Preschool Grants (IDEA Preschool) | 84.173A | 84.173A, 2022 | 15,708 |
| COVID-19 - ARP Special Education-Preschool Grants (IDEA Preschool) | 84.173X | COVID-19, 84.173X, 2022 | 8,691 |
| Total Special Education-Preschool Grants (IDEA Preschool) | | | <u>24,399</u> |
| Total Special Education Cluster (IDEA) | | | <u>597,130</u> |
| <i>Consortium Amount Passed/Transferred to Hamilton County Educational Service Center</i> | | | |
| English Language Acquisition State Grants - Title III - Language Instruction for English Learners | 84.365A | 84.365A, 2023 | 2,988 |
| Title IV-A Student Support and Academic Enrichment Program | 84.424A | 84.424A, 2023 | 37,376 |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund | 84.425D | COVID-19, 84.425D, 2023 | 221,445 |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | COVID-19, 84.425U, 2022 | 463,151 |
| COVID-19 - American Resuce Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund - Homeless Round II | 84.425W | COVID-19, 84.425W, 2022 | 200 |
| Total Education Stabilization Fund (ESF) | | | <u>684,796</u> |
| Total U.S. Department of Education | | | <u>1,886,381</u> |
| Total Federal Expenditures | | | <u>\$ 3,080,600</u> |

The accompanying notes are an integral part of this schedule.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

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

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Batavia Local School District under programs of the federal government for the fiscal year ended June 30, 2023, and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Batavia Local School District, it is not intended to and does not present the financial position, or changes in net position, or cash flows of the Batavia Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

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

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

NOTE 5 – PASS-THROUGH FUNDS

The Batavia Local School District was awarded federal program allocations to be administered on their behalf by the Hamilton County Educational Service Center. For fiscal year 2023, the Batavia Local School District's allocations were as follows:

| Grant/Program Name | ALN | Passed/Transferred to | Award Amount |
|---|------------|--|---------------------|
| English Language Acquisition State Grants - Title III | 84.365A | Hamilton County Educational Service Center | \$ 2,988 |

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

Batavia Local School District
Clermont County
4 Bulldog Place
Batavia, Ohio 45103

To the Members of 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Batavia Local School District, Clermont County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Batavia Local School District's basic financial statements, and have issued our report thereon dated May 22, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 through 2023-008 that we consider to be material weaknesses.

Batavia Local School District

Clermont County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Batavia Local School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-001, 2023-002, 2023-004 through 2023-007, and 2023-009.

Batavia Local School District's Responses to Findings

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

Purpose of this Report

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



Julian & Grube, Inc.

May 22, 2025

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

Batavia Local School District
Clermont County
4 Bulldog Place
Batavia, Ohio 45103

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Batavia Local School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Batavia Local School District's major federal programs for the fiscal year ended June 30, 2023. The Batavia Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Batavia Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings as item 2023-010. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider this deficiency in internal control over compliance described in the accompanying schedule of findings as item 2023-010, to be a material weakness.

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

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

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



Julian & Grube, Inc.
May 22, 2025

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

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

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

| 2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS | |
|---|----------|
| Finding Number | 2023-001 |

Material Weakness/Noncompliance – Amending Certificate of Estimated Resources

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources. In addition, Ohio Revised Code Section 5705.36 in part, the fiscal officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding fiscal year.

The School District did not request timely amended certificates throughout the years upon notice of increased or decreased resources, and therefore had total appropriations exceeding total estimated resources in. Additionally, the School District did not properly re-certify the audited unencumbered fund balances as of July 1, 2022.

With appropriations exceeding estimated resources, the School District may spend more funds than in the Treasury or in process of collection and cause fund deficits. Additionally, Not properly re-certifying the audited unencumbered fund balances to the County Auditor as required could inhibit the School District's budgeting process.

We recommend the School District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources. If it is determined that estimated resources will be different than initially anticipated, the School District should amend its estimate and also amend the appropriations as necessary. Additionally, we recommend the School District properly re-certify the audited unencumbered fund balances to the County Auditor. This should facilitate the School District's appropriation and budgeting process.

Officials' Response: *See Corrective Action Plan*

| | |
|----------------|----------|
| Finding Number | 2023-002 |
|----------------|----------|

Material Weakness/Noncompliance – Appropriations in Excess of Actual Resources

Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer or subdivision that the receipts to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the Budget Commission, and the Budget Commission shall certify an amended certificate reflecting the deficiency.

The School District had appropriations in excess of actual resources, which consists of actual revenues and beginning unencumbered fund balances, in certain funds.

By appropriating more funds than actual resources, the School District is at risk of spending more money than is available; this may result in deficit fund balances.

We recommend the School District monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

Officials' Response: *See Corrective Action Plan*

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

| 2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) | |
|---|----------|
| Finding Number | 2023-003 |

Material Weakness - Cash Reconciliations

Bank reconciliations are a critical internal control for any entity. Timely bank reconciliations are to be formed shortly after each month end. During this process any long outstanding reconciling items (outstanding checks and outstanding deposits in transit) should be reviewed. Additionally, reconciliations and all supporting documents should be presented to the governing board for review and approval. A reconciliation is a monitoring control that ensures accountability for all expenditures and payments.

At June 30, 2023, the School District's bank reconciliation consisted of a reconciling difference in the amount of (\$140,724), where the School District's book balance is greater than the bank balance. Of this amount, \$220,653 relates to amounts from prior fiscal years, (\$361,377) relates to the current fiscal year, all of which has been identified, and which consists primarily of (\$132,152) investment interest not recorded and (\$316,496) of a receipt related to retainage on construction projects and \$82,788 of receipts over recorded. Additionally, the School District had multiple accounts payable checks, totaling \$110,146, that were outstanding for more than one fiscal year as of June 30, 2023. Additionally, the School District maintains a "off books" payroll clearing bank account consisted of a reconciling difference in the amount of (\$23,628) where the bank balance is greater than the book balance. Of this amount (\$32,009) relates to amounts from prior fiscal years, \$8,381 relates to the current fiscal year, all of which has been identified, and which consists primarily of \$13,980 of outstanding transfers due to the payroll bank account from the main bank account.

The lack of timely, clear, and concise completed bank reconciliations could lead to errors existing in receipts, disbursements, and fund balances. The lack of review by the governing board of completed bank reconciliations could lead to the governing board making decisions based on over or under inflated numbers. Additionally, Accounting for stale dated checks can result in an inefficient and cumbersome bank reconciliation process.

We recommend the School District develop additional internal controls over the monthly bank reconciliation process and seek outside assistance if necessary. Outside assistance should be obtained as soon as an unidentified amount has been identified however the School District's Treasurer has been unable to identify the discrepancy timely. Additional internal controls could consist of an outstanding check policy, and required timely review by the governing board of the completed reconciliation and all supporting documentation. This policy should include a deadline when the monthly reconciliation should be completed and presented for review. These policies may greatly enhance the checks and balances necessary for strong controls over cash. We recommend review and approval of the monthly bank reconciliations be evidenced by signatures on the bank reconciliation by a majority of the governing board members. Additionally, the School District should establish a policy which sets a reasonable amount of time for carrying outstanding checks on their reconciliations. After the established time, the check(s) should be voided and the funds (check amount) should be held in an unclaimed monies fund in accordance with Ohio Rev. Code § 9.39.

Officials' Response: See Corrective Action Plan

| | |
|----------------|----------|
| Finding Number | 2023-004 |
|----------------|----------|

Material Weakness/Noncompliance – Integration of Budgetary Information

Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an financial accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

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

| | |
|----------------|------------------------|
| Finding Number | 2023-004 – (Continued) |
|----------------|------------------------|

The Board of Education approved appropriations for all funds were not incorporated/entered in the School District's financial accounting system. Additionally, the County Budget Commission approved estimated receipts for all funds were not incorporated/entered in the School District's financial accounting system.

By not including the Board of Education approved appropriations and County Budget Commission approved estimated receipts into the financial accounting system, it could become challenging for the School District Board of Education to monitor its budgeted activity in comparison with its actual amounts. The District is also at risk of overspending in excess of available funds, which could possibly result in deficit fund balances.

We recommend that the Board of Education approved appropriations, and the County Budget Commission approved estimated receipts be incorporated into the School District's financial accounting system by the Treasurer. This will aid the Board of Education and the Treasurer in their review of budgetary information.

Officials' Response: See Corrective Action Plan

| | |
|----------------|----------|
| Finding Number | 2023-005 |
|----------------|----------|

Material Weakness/Noncompliance – Deficit Fund Balances

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance not meeting the exceptions allowable for school districts in Ohio Revised Code Section 3315.20.

The School District had certain deficit cash fund balances which did not meet the criteria of Ohio Revised Code Section 3315.20 at fiscal year-end.

By having a deficit fund balance, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of fund balances.

We recommend the School District properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the School District should advance funds from the General fund with proper Board of Education approval. If funds are not expected to be received in the future, we recommend the School District transfer money from the general fund to cover the deficit balance.

Officials' Response: See Corrective Action Plan

| | |
|----------------|----------|
| Finding Number | 2023-006 |
|----------------|----------|

Material Weakness/Noncompliance – Expenditures in excess of Appropriations

Ohio Revised Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

The School District had expenditures exceeding appropriations in certain funds.

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

| 2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) | |
|---|------------------------|
| Finding Number | 2023-006 – (Continued) |

With expenditures exceeding appropriations, the School District is expending monies that have not been appropriated and approved by the Board. This may result in unnecessary purchases or overspending which may lead to a fund deficit.

We recommend the School District comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring expenditures, so they do not exceed lawful appropriations and amending the budget prior to fiscal year-end. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Officials' Response: *See Corrective Action Plan*

| | |
|----------------|----------|
| Finding Number | 2023-007 |
|----------------|----------|

Material Weakness/Noncompliance – Amended and Supplemental Appropriations

Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section states that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations.

The School District did not modify its appropriations throughout the fiscal year. Due to not properly modifying appropriations, expenditures exceeded appropriations in certain funds.

By not timely and properly modifying the School District's appropriations, the School District is not adequately monitoring appropriations versus expenditures. With expenditures exceeding appropriations, overspending may occur which may result in a deficit fund balance.

We recommend the School District comply with Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures, so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continual basis and making appropriation amendments as necessary, subsequent to the passage of permanent appropriations.

Officials' Response: *See Corrective Action Plan*

| | |
|----------------|----------|
| Finding Number | 2023-008 |
|----------------|----------|

Material Weakness – Financial Statement Presentation

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

In order to properly state financial statement amounts, the following adjustments were made to the School District's financial statements:

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

SCHEDULE OF FINDINGS

2 CFR § 200.515

JUNE 30, 2023

| 2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) | |
|---|-------------------------------|
| Finding Number | 2023-008 – (Continued) |

- On the fund financial statements, to properly account for reversals related to prior year audit adjustments, the following adjustment was necessary: (1) in the classroom facilities fund, decrease expenditures: capital outlay by \$3,096,583 and decrease beginning fund balance by \$3,096,583; and (2) in the building fund (other governmental funds), increase expenditures: instruction: special education by \$517,138, decrease expenditures: capital outlay by \$303,922, and increase beginning fund balance by \$213,216.
- On the government-wide financial statements, in the governmental activities, the previously detailed adjustment had the following effect: increase expenses: instruction: special education by \$517,138, decrease operating grants and contributions: instruction: regular by \$422,547, decrease operating grants and contributions: instruction: special education by \$122,683, decrease operating grants and contributions: instruction: other instruction by \$37,657, decrease operating grants and contributions: support services: pupil by \$24,626, decrease operating grants and contributions: support services: instructional staff by \$417, decrease operating grants and contributions: support services: Board of Education by \$7,867, decrease operating grants and contributions: support services: pupil transportation by \$6,937, decrease operating grants and contributions: support services: central by \$97, decrease operating grants and contributions: non-instructional services: community service by \$1,634, and increase beginning net position by \$1,141,603.
- On the fund financial statements, the following adjustment was necessary to properly state contracts payable, related to the School District's ongoing construction projects: (1) in the building fund (other governmental funds), increase contracts payable by \$595,060 and increase expenditures: capital outlay by \$595,060, and; (2) in the classroom facilities fund, increase contracts payable by \$3,424,060 and increase expenditures: capital outlay by \$3,424,060.
- On the fund financial statements, the following adjustment was necessary to properly state expenditures, related to the School District's ongoing construction projects: (1) in the building fund (other governmental funds), increase capital outlay expenditures by \$741,193 and decrease transfers out by \$741,193, and; (2) in the classroom facilities fund, decrease capital outlay expenditures by \$741,193 and decrease transfers in by \$741,193.
- On the government-wide financial statements, in the governmental activities, the previously detailed adjustment had the following effect: increase nondepreciable capital assets by \$4,019,120 and increase contracts payable by \$4,019,120.
- On the budgetary schedule in the Required Supplementary Information, the final budget column was adjusted to reflect the Board of Education and County Budget Commission approved budgetary amounts.

The School District's financial statements and notes have been adjusted to reflect these adjustments.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the School District's activity.

We recommend the School District implement additional control procedures that enable management to more timely prevent or detect and correct potential misstatements in the basic financial statements prior to filing them in the HINKLE system.

Officials' Response: *See Corrective Action Plan*

**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

| 2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued) | |
|---|----------|
| Finding Number | 2023-009 |

Noncompliance – Hinkle Submission

Pursuant to Ohio Revised Code Section 117.38 and Auditor of State Bulletin 2015-007, entities filing on a GAAP-basis must file annual reports with the Auditor of State, via the Hinkle Annual Financial Data Reporting System within 150 days of the fiscal year-end.

The School District's filing for the fiscal year ended June 30, 2023, was completed March 7, 2024, which was past the approved extension deadline of December 27, 2023.

Any public office not filing the report by the required date may be required to pay a penalty of \$25 for each day the report remains unfiled, not to exceed \$750.

We recommend the School District devise certain procedures, guidelines, and controls to ensure a draft copy of the financial statement is prepared at least one week prior to the filing deadline. This will ensure that the filing deadline is met.

Officials' Response: See Corrective Action Plan

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**BATAVIA LOCAL SCHOOL DISTRICT
CLERMONT COUNTY, OHIO**

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

| 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS | | | |
|--|--|----------------------|----------|
| Finding Number | 2023-010 | | |
| ALN Title and Number | All Programs | | |
| Federal Award Identification Number/Year | All | | |
| Federal Agency | U.S. Department of Agriculture, U.S. Department of Education | | |
| Compliance Requirement | Other | | |
| Pass-Through Entity | Ohio Department of Education and Workforce | | |
| Repeat Finding from Prior Audit | Yes | Prior Finding Number | 2022-011 |

Material Weakness/Noncompliance – Schedule of Expenditures of Federal Awards

2 CFR § 200.510(b) states, in part, that the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. At a minimum, the schedule must:

- a) List individual federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency.
- b) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- c) Provide total Federal awards expended for each individual Federal program and the Assistance Listing Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
- d) Include the total amount provided to subrecipients from each Federal program.
- e) For loan or loan guarantee programs described in §200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- f) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414.

The School District did prepare a Schedule of Expenditures of Federal Awards; however, total federal expenditures were understated by \$675,306. Adjustments were made to the Schedule of Expenditures of Federal Awards.

Inaccurate completion of the Schedule of Expenditures of Federal Awards could lead to inaccurate reporting of federal expenditures by the School District and could jeopardize future federal funding.

We recommend the School District review/update their current policies and procedures, including, prior to submitting the federal schedule to the auditors, a second review of data, support and amounts be reported, to help ensure accurate information is provided.

Officials' Response: See Corrective Action Plan



BATAVIA LOCAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR § 200.511(b)

JUNE 30, 2023

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|----------------|-------------------------|---|---------------|--|
| 2022-001 | 2020 | <u>Material Weakness/Noncompliance – Amending Certificate of Estimated Resources:</u> Ohio Revised Code Section 5705.36, in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate. The School District did not obtain appropriate amended certificates to properly re-certify the audited unencumbered cash fund balances. | Not Corrected | Repeated as Finding 2023-001 as the School District did not properly re-certify the audited beginning unencumbered cash fund balances. |
| 2022-002 | 2020 | <u>Material Weakness/Noncompliance – Appropriations in Excess of Actual Resources:</u> Ohio Revised Code Section 5705.36(A)(4), in part, states that appropriations should not exceed actual resources. The School District had appropriations in excess of actual resources for certain funds. | Not Corrected | Repeated as Finding 2023-002 as the School District had appropriations in excess of actual resources in certain funds. |
| 2022-003 | 2021 | <u>Material Weakness – Cash Reconciliations:</u> Timely bank reconciliations should be completed and contain zero unidentified amounts. Reconciliations were completed; however, the reconciliations contained several errors and unidentified amounts as well as outstanding payments between the School District's operating and payroll accounts. | Not Corrected | Repeated as Finding 2023-003 as the School District's cash reconciliations throughout the fiscal year continued to contain errors and unidentified amounts. |
| 2022-004 | 2022 | <u>Material Weakness/Noncompliance – Integration of Budgetary Information:</u> Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. The Board of Education approved appropriations in certain funds that did not agree to the amounts entered in the School District's financial accounting system. Additionally, the County Budget Commission approved estimated receipts in certain funds did not agree to the amounts entered in the School District's financial accounting system. | Not Corrected | Repeated as Finding 2023-004 as the Board of Education approved appropriations were not entered in the School District's financial accounting system and the County Budget Commission approved estimated receipts were not entered in the School District's financial accounting system. |
| 2022-005 | 2022 | <u>Material Weakness/Noncompliance – Deficit Fund Balances:</u> Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance not meeting the exceptions allowable for school districts in Ohio Revised Code Section 3315.20. The School District had certain deficit cash fund balances which did not meet the criteria of Ohio Revised Code Section 3315.20 at fiscal year-end. | Not Corrected | Repeated as Finding 2023-005 as the School District had certain deficit cash fund balances which did not meet the criteria of Ohio Revised Code Section 3315.20 at fiscal year-end. |



BATAVIA LOCAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - (CONTINUED)

2 CFR § 200.511(b)

JUNE 30, 2023

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|----------------|-------------------------|--|-------------------------|--|
| 2022-006 | 2022 | <u>Material Weakness/Noncompliance – Expenditures in excess of Appropriations:</u> Ohio Revised Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated. The School District had expenditures exceeding appropriations in certain funds. | Not Corrected | Repeated as Finding 2023-006 as the School District had expenditures exceeding appropriations in certain funds. |
| 2022-007 | 2022 | <u>Material Weakness/Noncompliance – Amended and Supplemental Appropriations:</u> Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section states that any amendments to an appropriation measure be made by Board resolution and comply with the same provisions of the law as used in making the original appropriations. The School District did not modify its appropriations throughout the fiscal year. Due to not properly modifying appropriations, expenditures exceeded appropriations in certain funds. | Not Corrected | Repeated as Finding 2023-007 as the School District did not modify its appropriations throughout the fiscal year. Due to not properly modifying appropriations, expenditures exceeded appropriations in certain funds. |
| 2022-008 | 2022 | <u>Material Weakness/Noncompliance – On-Behalf Payments:</u> Ohio Revised Code Section 5705.42 states when the United States government or the state or any department, division, agency, authority, or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity, or function of such subdivision, or enters into an agreement with the subdivision for the making of any such grant or loan of money, the amount thereof is deemed appropriated for such purpose by the taxing authority of the subdivision as provided by law and shall be recorded as such by the fiscal officer of the subdivision, and is deemed in process of collection within the meaning of section 5705.41 of the Revised Code. The School District did not record the on-behalf activity related to their Emergency Connectivity Fund (ECF) grant. | Finding No Longer Valid | N/A – no on-behalf payments to record in the current fiscal year. |
| 2022-009 | 2022 | <u>Material Weakness – Financial Statement Presentation:</u> Management is responsible for the preparation and fair presentation of the financial statements. The School District had adjustments to their HINKLE filing. | Not Corrected | Repeated as Finding 2023-008 as adjustments to the financial statements and related notes were necessary to properly state financial activity. |



BATAVIA LOCAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - (CONTINUED)

2 CFR § 200.511(b)

JUNE 30, 2023

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|----------------|-------------------------|--|-------------------------|--|
| 2022-010 | 2022 | <p><u>Material Weakness/Noncompliance – Questioned Cost:</u> 47 CFR § 54.1710, in part, requires entities requesting funding to certify they are only seeking support for eligible equipment and/or services provided to students and school staff who would otherwise lack connected devices and/or broadband services sufficient to engage in remote learning. Additionally, 47 CFR § 54.1715, requires equipment inventory records to be maintained and identify: (i) The device or equipment type (i.e. laptop, table, mobile hotspot, modem, router); (ii) The device or equipment make/model; (iii) The device or equipment serial number; (iv) The full name of the person to whom the device or other piece of equipment was provided; and (v) The dates the device or other piece of equipment was loaned out and returned to the school or library, or the date the school or library was notified that the device or other piece of equipment was missing, lost, or damaged. 47 CFR 54.8(d), in part, states “unless otherwise ordered, any persons suspended or debarred shall be excluded from activities associated with or related to the schools and libraries support mechanism.” Furthermore, the School District’s Board policy #6325 – Procurement – Federal Grants/Funds, in part, states “The District shall not subcontract with or award subgrants to any person or company who is debarred or suspended. For contracts over \$25,000, the District shall confirm that the vendor is not debarred or suspended by either checking the Federal government’s System for Award Management, which maintains a list of such debarred or suspended vendors at www.sam.gov; collecting a certification from the vendor; or adding a clause or condition to the covered transaction with that vendor. (2 CFR Part 180 Subpart C).” The School District estimated unmet need for eligible equipment when it applied for ECF Program funds. However, the School District was unable to provide, at the time the reimbursement request was submitted, the determination of the actual number of eligible students with the unmet need, as required by the ECF Program. Additionally, the School District did not maintain a detailed inventory listing of the equipment, consisting of 1,305 laptops, as required by the ECF Program. Therefore, \$391,500 (1,305 laptops, purchased at \$300/unit) in expenditures from the Emergency Connectivity Fund (ECF) Program is considered a questioned cost. Furthermore, the School District did not have proper internal controls in place to verify and maintain documentation supporting the vendor had not been suspended or debarred.</p> | Finding No Longer Valid | N/A – No ECF Program funds in the current fiscal year. |



BATAVIA LOCAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS - (CONTINUED)
2 CFR § 200.511(b)
JUNE 30, 2023

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|----------------|-------------------------|---|---------------|---|
| 2022-011 | 2022 | <u>Material Weakness/Noncompliance – Schedule of Expenditures of Federal Awards</u> ; 2 CFR § 200.510(b) states, in part, that the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended. The School District did prepare a Schedule of Expenditures of Federal Awards; however, total federal expenditures were understated by \$1,559,951. Adjustments were made to the Schedule of Expenditures of Federal Awards. | Not Corrected | Repeated as Finding 2023-010 as the School District did prepare a Schedule of Expenditures of Federal Awards; however, total federal expenditures were understated by \$675,306. Adjustments were made to the Schedule of Expenditures of Federal Awards. |



BATAVIA LOCAL SCHOOL DISTRICT

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

JUNE 30, 2023

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|----------------------------|
| 2023-001 | The School District will monitor the budget on a continual basis and, when necessary, will re-certify the audited beginning unencumbered cash fund balances the County Budget Commission. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-002 | The School District will monitor the budget on a continual basis and make modifications as necessary to ensure appropriations do not exceed actual resources and request amended certificates when necessary from the County Budget Commission. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-003 | The School District will monitor the monthly bank reconciliation more closely and has contracted with a CPA firm for assistance with their reconciliations. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-004 | The School District will monitor its financial accounting system to help ensure Board of Education approved appropriations and County Budget Commission estimated receipts are being timely and accurately entered. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-005 | The School District will monitor fund balances on a continual basis to help ensure if negative fund balances exist at fiscal year end, that an outstanding project cash report exists, and the General fund balance can cover the negative balance. | Fiscal Year 2025 | Michael Ashmore, Treasurer |



BATAVIA LOCAL SCHOOL DISTRICT

CORRECTIVE ACTION PLAN - (CONTINUED)
2 CFR § 200.511(c)
JUNE 30, 2023

| Finding Number | Planned Corrective Action | Anticipated Completion Date | Responsible Contact Person |
|----------------|---|-----------------------------|----------------------------|
| 2023-006 | The School District will monitor the budget guidelines and significant due dates on a continual basis to ensure expenditures do not exceed appropriations during the fiscal year. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-007 | The School District will monitor the budget guidelines and significant due dates on a continual basis to ensure appropriations are properly amended throughout the year. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-008 | The School District will evaluate additional controls that could be implemented regarding financial statement presentation to help ensure all items are properly recorded. This may include additional external reviews by a qualified CPA firm to help assist and review some of the more complex transactions the School District encounters. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-009 | The School District will work with it's GAAP compiler to ensure timely filing in the future. | Fiscal Year 2025 | Michael Ashmore, Treasurer |
| 2023-010 | The School District will review the Uniform Guidance requirements and ensure all expenditures are accurately reported on the School District's Schedule of Expenditures of Federal Awards. | Fiscal Year 2025 | Michael Ashmore, Treasurer |

OHIO AUDITOR OF STATE KEITH FABER



BATAVIA LOCAL SCHOOL DISTRICT

CLERMONT 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 2/12/2026

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

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