GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

Basic Financial Statements

For the Fiscal Year Ended
June 30, 2023

Julian & Grube
Serving Ohio Local Governments

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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Julian & Grube

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Accountant's Compilation Report

To the Galion City School District Board of Education
Galion, Ohio

Management is responsible for the accompanying basic financial statements of the Galion City School District, which comprise the statements listed in the table of contents as of June 30, 2023 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of net pension and other post-employment benefit assets and liabilities, and pension and other post-employment contributions listed in the table of contents be presented to supplement the basic financial statements. Such information is presented for purposes of additional analysis 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. The required supplementary information was subject to our compilation engagement. We have not audited or reviewed the required supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Julian & Grube, Inc.

Westerville, Ohio
November 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- During fiscal year 2023, net position of governmental activities increased $1,412,392 which represents a 7.09% increase from fiscal year 2022 net position.

- General revenues accounted for $18,515,932 in revenue or 65.43% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $9,783,939 or 34.57% of total revenues of $28,299,871.

- The District had $26,887,479 in expenses related to governmental activities; $9,783,939 of these expenditures were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $18,515,932 were adequate to provide for these programs.

- The District had three major governmental funds during fiscal year 2023, the general fund, the elementary and secondary school emergency relief (ESSER) fund and the bond retirement fund. The general fund had $19,526,281 in revenues and other financing sources and $17,638,057 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased $1,888,224 from a fund balance of $4,848,905 to $6,737,129.

- The ESSER fund had $3,841,197 in revenues and $3,976,839 in expenditures. During fiscal year 2023, the ESSER fund's fund balance decreased $135,642 from a fund balance of $264,374 to $128,732.

- The bond retirement fund had $1,388,166 in revenues and other financing sources and $1,287,495 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased $100,671 from a fund balance of $2,369,366 to $2,470,037.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, the ESSER fund and the bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, non-instructional services, and extracurricular activities.

The District's Statement of Net Position and Statement of Activities can be found on pages 15-16 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District' most significant funds. The District's major governmental funds are the general fund, the ESSER fund and the bond retirement fund. All other governmental funds are considered nonmajor.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-22 of this report.

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. These notes to the basic financial statements can be found on pages 23-64 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 66-86 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2023 and 2022.

	Governmental Activities	
	2023	2022
Assets		
Current and other assets	$ 18,411,641	$ 16,588,694
Net OPEB asset	1,850,204	1,504,816
Capital assets, net	39,340,471	41,251,752
Total assets	59,602,316	59,345,262
Deferred outflows of resources		
Unamortized deferred charges	242,587	276,371
Pension	4,825,282	4,798,055
OPEB	567,105	613,477
Total deferred outflows	5,634,974	5,687,903
Liabilities		
Current liabilities	2,271,735	2,234,322
Long-term liabilities:		
Due within one year	1,243,553	1,302,622
Due in more than one year:		
Net pension liability	20,002,973	11,808,535
Net OPEB liability	1,093,172	1,418,203
Other amounts	11,207,677	12,387,542
Total liabilities	35,819,110	29,151,224
Deferred inflows of resources		
Property taxes and PILOTS	3,291,182	3,484,945
Pension	1,934,836	9,783,354
OPEB	2,857,259	2,691,131
Total deferred inflows	8,083,277	15,959,430
Net Position		
Net investment in capital assets	28,415,488	29,419,129
Restricted	4,593,575	3,939,475
Unrestricted (deficit)	(11,674,160)	(13,436,093)
Total net position	$ 21,334,903	$ 19,922,511

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2023 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $21,334,903.

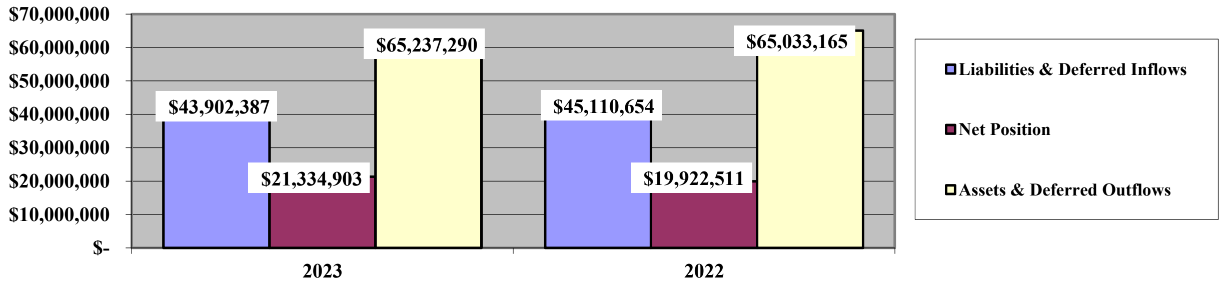
At fiscal year-end, capital assets represented 66.00% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment and furniture, vehicles and intangible right to use - leased assets. Total net investment in capital assets at June 30, 2023 was $28,415,488. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $4,593,575, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $11,674,160.

The net pension liability increased $8,194,438 or 69.39% and deferred inflows of resources related to pension decreased $7,848,518 or 80.22%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

The graph below illustrates the District's total assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2023 and 2022.

Governmental Activities



The table below shows the change in net position for fiscal years 2023 and 2022.

Change in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program revenues:		
Charges for services and sales	$ 715,652	$ 527,271
Operating grants and contributions	8,547,587	7,214,183
Capital grants and contributions	520,700	70,615
General revenues:		
Property taxes	5,928,560	6,137,652
Payment in lieu of taxes	3,000	10,089
Grants and entitlements	12,334,541	12,346,126
Investment earnings	147,781	16,739
Change in fair value of investments	(72,824)	(127,481)
Miscellaneous	174,874	175,822
Total revenues	28,299,871	26,371,016

- Continued

Change in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Expenses		
Program expenses:		
Instruction:		
Regular	$ 9,202,768	$ 8,421,261
Special	5,370,705	5,287,827
Vocational	15,806	-
Support services:		
Pupil	1,715,254	1,324,206
Instructional staff	837,594	1,068,269
Board of education	97,400	289,375
Administration	1,794,179	1,763,408
Fiscal	571,672	576,929
Operations and maintenance	2,936,639	2,498,651
Pupil transportation	1,409,671	1,251,384
Central	185,442	168,362
Operation of non-instructional services	1,391,321	1,240,157
Extracurricular activities	1,007,614	870,088
Interest and fiscal charges	351,414	397,235
Total expenses	26,887,479	25,157,152
Change in net position	1,412,392	1,213,864
Net position at beginning of year	19,922,511	18,708,647
Net position at end of year	$ 21,334,903	$ 19,922,511

Governmental Activities

Net position of the District's governmental activities increased $1,412,392. Total governmental expenses of $26,887,479 were offset by program revenues of $9,783,939 and general revenues of $18,515,932. Program revenues supported 36.39% of the total governmental expenses.

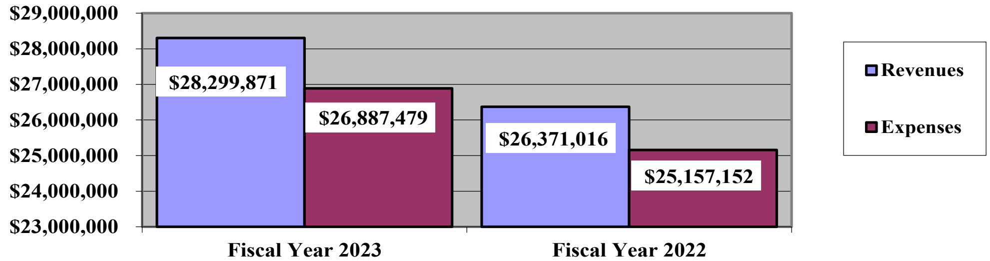
Overall, expenses of the governmental activities increased $1,730,327 or 6.88%. This increase is primarily the result of an increase in pension expense. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

Capital grants and contributions increased during the fiscal year primarily due to the District receiving OFCC safety grant monies that were not received in the prior fiscal year.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 64.53% of total governmental revenue. Real estate property is reappraised every six years.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2023 and 2022.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

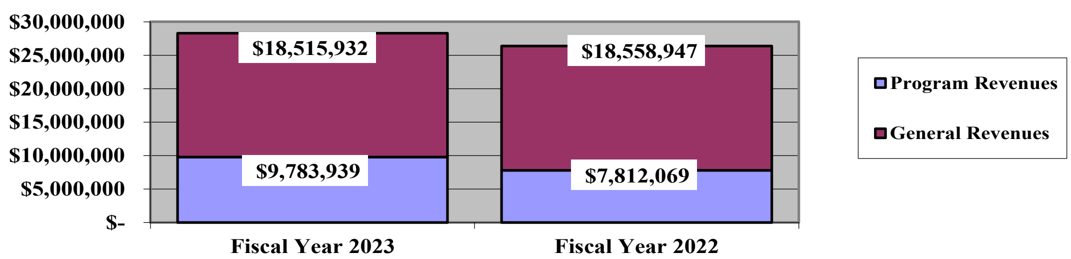
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses:				
Instruction:				
Regular	$ 9,202,768	$ 5,391,726	$ 8,421,261	$ 7,315,092
Special	5,370,705	2,415,695	5,287,827	1,527,586
Vocational	15,806	15,806	-	-
Support services:				
Pupil	1,715,254	1,290,505	1,324,206	973,464
Instructional staff	837,594	745,668	1,068,269	624,833
Board of education	97,400	91,199	289,375	184,388
Administration	1,794,179	1,794,179	1,763,408	1,731,241
Fiscal	571,672	569,374	576,929	573,926
Operations and maintenance	2,936,639	2,442,399	2,498,651	2,435,789
Pupil transportation	1,409,671	1,176,782	1,251,384	1,092,561
Central	185,442	172,341	168,362	130,323
Operation of non-instructional services	1,391,321	106,444	1,240,157	(149,726)
Extracurricular activities	1,007,614	540,008	870,088	508,371
Interest and fiscal charges	351,414	351,414	397,235	397,235
Total expenses	$ 26,887,479	$ 17,103,540	$ 25,157,152	$ 17,345,083

The dependence upon tax and other general revenues for governmental activities is apparent, 53.62% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 63.61%. The District's taxpayers and State unrestricted grants are by far the primary support for District students.

The graph below presents the District’s governmental activities revenue for fiscal years 2023 and 2022.

Governmental Activities - General and Program Revenues



The District’s Funds

The District’s governmental funds reported a combined fund balance of $12,149,336, which is higher than last year’s total of $10,061,544. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Increase (Decrease)
General	$ 6,737,129	$ 4,848,905	$ 1,888,224
ESSER	128,732	264,374	(135,642)
Bond retirement	2,470,037	2,369,366	100,671
Other governmental	2,813,438	2,578,899	234,539
Total	$ 12,149,336	$ 10,061,544	$ 2,087,792

General Fund

The District’s general fund’s fund balance increased $1,888,224.

The tables that follow assists in illustrating the financial activities and fund balance of the general fund.

	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
Revenues				
Property taxes	$ 4,793,742	$ 4,870,812	$ (77,070)	(1.58) %
Intergovernmental	14,228,098	14,075,497	152,601	1.08 %
Investment earnings/change in fair value of investments	38,589	(115,115)	153,704	133.52 %
Tuition and fees	145,458	226,803	(81,345)	(35.87) %
Other revenues	209,323	244,580	(35,257)	(14.42) %
Total	$ 19,415,210	$ 19,302,577	$ 112,633	0.58 %

The District’s general fund revenues increased $112,633 or 0.58% in fiscal year 2023. Investment earnings/changes in fair value of investments experienced a significant increase during the fiscal year as a result of the federal reserve increasing interest rates to combat inflation. Tuition and fees decreased during the fiscal year as a result of a decrease in tuition foundation funding the district received. All other revenues remained comparable to the prior fiscal year.

	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
Expenditures				
Instruction	$ 8,721,927	$ 10,914,093	$ (2,192,166)	(20.09) %
Support services	7,819,810	7,230,321	589,489	8.15 %
Extracurricular activities	582,726	596,540	(13,814)	(2.32) %
Facilities acquisition and construction	-	32,230	(32,230)	(100.00) %
Capital outlay	111,071	-	111,071	100.00 %
Debt service	3,994	23,156	(19,162)	(82.75) %
Total	$ 17,239,528	$ 18,796,340	$ (1,556,812)	(8.28) %

The District's general fund expenditures decreased $1,556,812 or 8.28% in fiscal year 2023. Instruction decreased in the current fiscal year as a result of the District using ESSER funds in FY23 to help offset wage costs. Facilities acquisition and construction related expenditures decreased in the current fiscal year as a result less capital related purchases being made out of the general fund than in the prior year. Capital outlay increased in the current year as a result of the District entering to a lease payable agreement. All expenditures remained comparable to the prior fiscal year.

ESSER Fund

The ESSER fund had $3,841,197 in revenues and $3,976,839 in expenditures. During fiscal year 2023, the ESSER fund's fund balance decreased $135,642 from a fund balance of $264,374 to $128,732.

Bond Retirement Fund

The bond retirement fund had $1,388,166 in revenues and other financing sources and $1,287,495 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased $100,671 from a fund balance of $2,369,366 to $2,470,037, as property tax and related revenues exceeded annual debt service requirements.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were $19,546,501, which was $214,350 greater than the original budgeted revenues and other financing sources of $19,332,151. Actual revenues and other financing sources were $19,562,055, which were $15,554 greater than the final budgeted revenues and other financing sources.

General fund final appropriations (appropriated expenditures and other financing uses) totaled $22,726,996, which was $4,785,340 greater than original appropriations of $17,941,656. The actual budget basis expenditures and other financing uses for fiscal year 2023 totaled $17,698,876, which was $5,028,120 less than the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2023, the District had $39,340,471 invested in land, land improvements, buildings and improvements, equipment and furniture, vehicles and intangible right to use - leased assets. This entire amount is reported in governmental activities.

The following table shows the net capital asset balances at June 30, 2023 and June 30, 2022:

Capital Assets at June 30
(Net of Depreciation/Amortization)

	Governmental Activities 2023	Governmental Activities 2022
Land	$ 1,052,095	$ 1,052,095
Land improvements	2,972,813	3,498,468
Building and improvements	33,973,506	35,447,939
Equipment and furniture	928,638	1,020,749
Vehicles	134,421	232,501
Intangible right to use - leased assets	278,998	-
Total	$ 39,340,471	$ 41,251,752

The overall decrease in capital assets of $1,911,281 is due to depreciation/amortization expense of $2,540,033 exceeding capital outlays of $628,752 in fiscal year 2023.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2023, the District had $105,000 in energy conservation bonds, $9,220,000 in refunding bonds, $1,310,000 in notes payable, and $107,632 in leases payable obligations outstanding. Of this total, $1,166,000 is due within one year and $9,576,632 is due in greater than one year. The table on the following page summarizes the bonds and notes payable.

Outstanding Debt, at Year End

	Governmental Activities 2023	Governmental Activities 2022
Energy conservation bonds	$ 105,000	$ 140,000
School improvement refunding bonds	9,220,000	10,104,313
Notes payable	1,310,000	1,505,000
Leases payable	107,632	-
Total	$ 10,742,632	$ 11,749,313

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The Administration and Board of Education continue to closely monitor the financial condition of the District.

During fiscal year 2022, the Galion Board of Education, the Galion Education Association (GEA), and the Ohio Association of Public School Employees Local #370 (OAPSE) entered into an Interest Based Bargaining process for the purpose of negotiating new union contracts. After significant training by the Board of Education, the GEA, and the OAPSE, the District successfully negotiated a three-year contract with each union. The GEA contract is in effect for the three years ending August 2025 and the OPASE contract is in effect for the three years ending June 2025.

The District has a .5 mill levy to help offset maintenance expenses associated with the construction of the new campus, however, this levy will not fully fund these costs. In fiscal year 2021 and 2022 the District set aside additional General Fund resources through a transfer to the permanent improvement fund. The set aside is intended to assist with building expenses and with vehicle expenses, including school buses; however, overflow permanent improvement costs will need to be absorbed by the General Fund. In fiscal year 2017, the District purchased 17.677 acres of land, adjacent to the Middle School building, from the Hesby Estate. Plans for the land include a new bus garage and athletic fields for varsity soccer. Construction of the Bus garage was completed on January 21, 2020. The soccer field dedication was held in October 2021.

On October 26, 2018, the District entered into a Lease Purchase Agreement, Notes Payable, with U.S. Bank, NA for $2,045,000 for a ten (10) year term ending December 1, 2028. The proceeds were used to construct a Bus Garage/Maintenance Facility that is located on the campus of the District. The old facility, located 3.5 miles away from the District Campus, was sold on July 25, 2020. The District has experienced a cost savings as a result of this relocation, as school buses and maintenance vehicles traveled an estimated 45,000 miles, on an annual basis, between the old facility and the campus.

During fiscal year 2016, and continuing through fiscal year 2022, the District implemented new initiatives and programs including Leader in Me, Project Lead the Way, Step by Step Learning Inc., High Schools that Work, and Making Middle Grades Work. The Leader in Me program for grades K-5 focus on self-direction, goal setting, positive interactions, and leadership. The Project Lead the Way program is a STEM focused program that focuses on the areas of biomedical, engineering, and computer science. Step by Step Learning Inc., is a professional development consultant group who is working with teachers on improving reading instruction, implementing improved assessments, and modeling teaching strategies. High Schools that Work and Making Middle Grades Work is a collaborative group of schools that focus on professional development with high school and middle school teachers on areas of instruction, college and career readiness, and improvement in teaching all subjects with a focus on math and English language arts. The District continues to see improvement in the K-3 literacy area and will introduce new curriculum in the area of literacy and math in fiscal year 2022. In addition, new curriculum was purchased during the last weeks of fiscal year 2022 and will be in full use during the 2022-2023 school across all grade levels in reading, math language arts, science and social studies.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Charlene Parkinson, Treasurer of Galion City School District, 470 Portland Way North, Galion, OH 44833-1796.

BASIC
FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and investments	$ 11,851,917
Cash in segregated accounts	9,617
Receivables:	
Property taxes	6,073,124
Payment in lieu of taxes	3,000
Accounts	8,712
Accrued interest	1,781
Intergovernmental	202,046
Prepayments	254,944
Materials and supplies inventory	1,500
Inventory held for resale	5,000
Net OPEB asset	1,850,204
Capital assets:	
Nondepreciable/amortized capital assets	1,052,095
Depreciable/amortized capital assets, net	38,288,376
Capital assets, net	39,340,471
Total assets	59,602,316
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	242,587
Pension	4,825,282
OPEB	567,105
Total deferred outflows of resources	5,634,974
Liabilities:	
Accounts payable	92,439
Accrued wages and benefits payable	1,717,736
Intergovernmental payable	433,756
Accrued interest payable	27,804
Long-term liabilities:	
Due within one year	1,243,553
Due in more than one year:	
Net pension liability	20,002,973
Net OPEB liability	1,093,172
Other amounts due in more than one year	11,207,677
Total liabilities	35,819,110
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	3,288,182
Payment in lieu of taxes levied for the next fiscal year	3,000
Pension	1,934,836
OPEB	2,857,259
Total deferred inflows of resources	8,083,277
Net position:	
Net investment in capital assets	28,415,488
Restricted for:	
Classroom facilities maintenance	405,062
Debt service	2,557,255
Locally funded programs	32,722
State funded programs	22,093
Federally funded programs	376,318
Food service operations	406,494
Student activities	153,765
Other purposes	232,703
OPEB	407,163
Unrestricted (deficit)	(11,674,160)
Total net position	$ 21,334,903

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:					
Instruction:					
Regular	$ 9,202,768	$ 100,380	$ 3,710,662	$ -	$ (5,391,726)
Special	5,370,705	45,078	2,909,932	-	(2,415,695)
Vocational	15,806	-	-	-	(15,806)
Support services:					
Pupil	1,715,254	-	424,749	-	(1,290,505)
Instructional staff	837,594	-	91,926	-	(745,668)
Board of education	97,400	-	6,201	-	(91,199)
Administration	1,794,179	-	-	-	(1,794,179)
Fiscal	571,672	1,774	524	-	(569,374)
Operations and maintenance	2,936,639	4,700	89,543	399,997	(2,442,399)
Pupil transportation	1,409,671	-	232,889	-	(1,176,782)
Central	185,442	-	13,101	-	(172,341)
Operation of non-instructional services:					
Food service operations	1,310,966	280,014	946,902	-	(84,050)
Other non-instructional services	80,355	-	57,961	-	(22,394)
Extracurricular activities	1,007,614	283,706	63,197	120,703	(540,008)
Interest and fiscal charges	351,414	-	-	-	(351,414)
Totals	$ 26,887,479	$ 715,652	$ 8,547,587	$ 520,700	(17,103,540)

General revenues:	
Property taxes levied for:	
General purposes	4,835,408
Debt service	1,021,879
Classroom facilities maintenance	71,273
Payments in lieu of taxes	3,000
Grants and entitlements not restricted to specific programs	12,334,541
Investment earnings	147,781
Change in fair value of investments	(72,824)
Miscellaneous	174,874
Total general revenues	18,515,932
Change in net position	1,412,392
Net position at beginning of year	19,922,511
Net position at end of year	$ 21,334,903

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	ESSER	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 6,892,036	$ -	$ 2,100,331	$ 2,857,497	$ 11,849,864
Cash in segregated accounts	9,617	-	-	-	9,617
Receivables:					
Property taxes	5,042,057	-	956,646	74,421	6,073,124
Payment in lieu of taxes	-	-	-	3,000	3,000
Accounts	6,861	-	-	1,851	8,712
Accrued interest	1,781	-	-	-	1,781
Intergovernmental	32,070	11,924	-	158,052	202,046
Prepayments	111,786	140,656	-	2,502	254,944
Materials and supplies inventory	-	-	-	1,500	1,500
Inventory held for resale	-	-	-	5,000	5,000
Due from other funds	45,326	-	-	-	45,326
Restricted assets:					
Equity in pooled cash and cash equivalents	2,053	-	-	-	2,053
Total assets	$ 12,143,587	$ 152,580	$ 3,056,977	$ 3,103,823	$ 18,456,967
Liabilities:					
Accounts payable	$ 59,282	$ 11,924	$ -	$ 21,233	$ 92,439
Accrued wages and benefits payable	1,614,214	-	-	103,522	1,717,736
Compensated absences payable	21,535	-	-	-	21,535
Intergovernmental payable	395,604	-	-	38,152	433,756
Due to other funds	-	-	-	45,326	45,326
Total liabilities	2,090,635	11,924	-	208,233	2,310,792
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	2,771,979	-	475,364	40,839	3,288,182
Payment in lieu of taxes levied for the next fiscal year	-	-	-	3,000	3,000
Delinquent property tax revenue not available	543,283	-	111,576	7,858	662,717
Intergovernmental revenue not available	-	11,924	-	30,455	42,379
Accrued interest not available	561	-	-	-	561
Total deferred inflows of resources	3,315,823	11,924	586,940	82,152	3,996,839
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	1,500	1,500
Prepaids	111,786	140,656	-	2,502	254,944
Unclaimed monies	2,053	-	-	-	2,053
Scholarships	-	-	-	207,464	207,464
Restricted:					
Debt service	-	-	2,470,037	-	2,470,037
Classroom facilities maintenance	-	-	-	397,204	397,204
Food service operations	-	-	-	432,081	432,081
State funded programs	-	-	-	22,093	22,093
Federally funded programs	-	-	-	210,203	210,203
Extracurricular activities	-	-	-	153,765	153,765
Scholarships	-	-	-	23,186	23,186
Other purposes	-	-	-	32,722	32,722
Committed:					
Capital improvements	-	-	-	1,335,714	1,335,714
Termination benefits	260,003	-	-	-	260,003
Student instruction	28,556	-	-	-	28,556
Student and staff support	172,713	-	-	-	172,713
Assigned:					
Student instruction	67,815	-	-	-	67,815
Student and staff support	91,412	-	-	-	91,412
Extracurricular activities	1,698	-	-	-	1,698
Subsequent year's appropriations	5,437,477	-	-	-	5,437,477
Public school support	22,401	-	-	-	22,401
Technology	317,984	-	-	-	317,984
Unassigned (deficit)	223,231	(11,924)	-	(4,996)	206,311
Total fund balances	6,737,129	128,732	2,470,037	2,813,438	12,149,336
Total liabilities, deferred inflows and fund balances	$ 12,143,587	$ 152,580	$ 3,056,977	$ 3,103,823	$ 18,456,967

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		$ 12,149,336
Amounts reported for governmental activities on 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.		39,340,471
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 662,717	
Accrued interest receivable	561	
Intergovernmental receivable	42,379	
Total		705,657
Unamortized premiums on bonds issued are not recognized in the funds.		(424,938)
Unamortized amounts on refundings are not recognized in the funds.		242,587
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(27,804)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	4,825,282	
Deferred inflows - pension	(1,934,836)	
Net pension liability	(20,002,973)	
Deferred outflows - OPEB	567,105	
Deferred inflows - OPEB	(2,857,259)	
Net OPEB asset	1,850,204	
Net OPEB liability	(1,093,172)	
Total		(18,645,649)
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	(9,325,000)	
Notes payable	(1,310,000)	
Leases payable	(107,632)	
Compensated absences	(1,262,125)	
Total		(12,004,757)
Net position of governmental activities		$ 21,334,903

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	ESSER	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 4,793,742	$ -	$ 1,037,340	$ 70,834	$ 5,901,916
Intergovernmental	14,228,098	3,841,197	276,764	2,906,243	21,252,302
Investment earnings	111,413	-	36,119	10,244	157,776
Tuition and fees	145,458	-	-	-	145,458
Extracurricular	27,855	-	-	257,625	285,480
Charges for services	-	-	-	284,714	284,714
Contributions and donations	6,683	-	-	120,680	127,363
Payment in lieu of taxes	-	-	-	3,000	3,000
Miscellaneous	174,785	-	-	77,811	252,596
Change in fair value of investments	(72,824)	-	-	-	(72,824)
Total revenues	19,415,210	3,841,197	1,350,223	3,731,151	28,337,781
Expenditures:					
Current:					
Instruction:					
Regular	4,836,964	3,801,854	-	40,046	8,678,864
Special	3,869,157	140,181	-	1,145,670	5,155,008
Vocational	15,806	-	-	-	15,806
Support services:					
Pupil	1,560,970	-	-	72,510	1,633,480
Instructional staff	765,036	596	-	104,017	869,649
Board of education	79,850	6,400	4,750	-	91,000
Administration	1,759,948	-	-	-	1,759,948
Fiscal	512,336	-	31,846	4,562	548,744
Operations and maintenance	1,776,199	-	-	361,032	2,137,231
Pupil transportation	1,199,874	14,286	-	-	1,214,160
Central	165,597	13,522	-	-	179,119
Operation of non-instructional services:					
Food service operations	-	-	-	1,267,448	1,267,448
Other non-instructional services	-	-	-	75,031	75,031
Extracurricular activities	582,726	-	-	333,045	915,771
Facilities acquisition and construction	-	-	-	212,434	212,434
Capital outlay	111,071	-	-	-	111,071
Debt service:					
Principal retirement	3,439	-	795,000	195,000	993,439
Interest and fiscal charges	555	-	315,899	46,403	362,857
Accretion on capital appreciation bonds	-	-	140,000	-	140,000
Total expenditures	17,239,528	3,976,839	1,287,495	3,857,198	26,361,060
Excess of revenues over (under) expenditures	2,175,682	(135,642)	62,728	(126,047)	1,976,721
Other financing sources (uses):					
Transfers in	-	-	37,943	360,586	398,529
Transfers (out)	(398,529)	-	-	-	(398,529)
Lease transaction	111,071	-	-	-	111,071
Total other financing sources (uses)	(287,458)	-	37,943	360,586	111,071
Net change in fund balances	1,888,224	(135,642)	100,671	234,539	2,087,792
Fund balances at beginning of year	4,848,905	264,374	2,369,366	2,578,899	10,061,544
Fund balances at end of year	$ 6,737,129	$ 128,732	$ 2,470,037	$ 2,813,438	$ 12,149,336

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds		$ 2,087,792
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/amortization expense.		
Capital asset additions	$ 628,752	
Current year depreciation/amortization	(2,540,033)	
Total		(1,911,281)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	26,644	
Earnings on investments	249	
Intergovernmental	(83,159)	
Total		(56,266)
Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		1,133,439
Issuance of leases transactions are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(111,071)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	1,858	
Accreted interest on capital appreciation bonds	(15,687)	
Amortization of bond premiums	59,056	
Amortization of deferred charges	(33,784)	
Total		11,443
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,735,088	
OPEB	54,552	
Total		1,789,640
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,053,781)	
OPEB	403,367	
Total		(1,650,414)
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.		119,110
Change in net position of governmental activities		$ 1,412,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Property taxes	$ 4,792,434	$ 4,845,571	$ 4,849,427	$ 3,856
Intergovernmental	14,000,515	14,155,750	14,167,014	11,264
Investment earnings	109,708	110,925	111,013	88
Tuition and fees	144,114	145,712	145,828	116
Extracurricular	9,757	9,865	9,873	8
Contributions and donations	89	89	89	-
Miscellaneous	149,835	151,496	151,617	121
Total revenues	19,206,452	19,419,408	19,434,861	15,453
Expenditures:				
Current:				
Instruction:				
Regular	4,678,816	5,958,731	4,613,879	1,344,852
Special	3,902,364	4,969,877	3,848,205	1,121,672
Vocational	16,028	20,413	15,806	4,607
Support services:				
Pupil	1,590,383	2,025,441	1,568,311	457,130
Instructional staff	784,792	999,476	773,900	225,576
Board of education	98,576	125,542	97,208	28,334
Administration	1,842,792	2,346,898	1,817,217	529,681
Fiscal	530,338	675,415	522,978	152,437
Operations and maintenance	1,914,441	2,438,146	1,887,871	550,275
Pupil transportation	1,392,885	1,773,917	1,373,554	400,363
Central	165,412	210,661	163,116	47,545
Extracurricular activities	576,300	733,950	568,302	165,648
Total expenditures	17,493,127	22,278,467	17,250,347	5,028,120
Excess of revenues over (under) expenditures	1,713,325	(2,859,059)	2,184,514	5,043,573
Other financing sources (uses):				
Refund of prior year's expenditures	125,699	127,093	127,194	101
Transfers (out)	(448,529)	(448,529)	(448,529)	-
Total other financing sources (uses)	(322,830)	(321,436)	(321,335)	101
Net change in fund balance	1,390,495	(3,180,495)	1,863,179	5,043,674
Fund balance at beginning of year	4,576,629	4,576,629	4,576,629	-
Prior year encumbrances appropriated	5,757	5,757	5,757	-
Fund balance at end of year	$ 5,972,881	$ 1,401,891	$ 6,445,565	$ 5,043,674

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ESSER FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Intergovernmental	$ 4,365,000	$ 3,968,988	$ 3,918,988	$ (50,000)
Total revenue	4,365,000	3,968,988	3,918,988	(50,000)
Expenditures:				
Current:				
Instruction:				
Regular	4,287,573	3,889,034	3,774,851	114,183
Special	10,494	9,519	53,211	(43,692)
Support services:				-
Board of education	3,638	3,300	-	3,300
Operations and maintenance	3	3	-	3
Pupil transportation	-	-	14,286	(14,286)
Central	-	-	13,522	(13,522)
Total expenditures	4,301,708	3,901,856	3,855,870	45,986
Net change in fund balance	63,292	67,132	63,118	(4,014)
Fund balance (deficit) at beginning of year	(94,499)	(94,499)	(94,499)	-
Prior year encumbrances appropriated	16,708	16,708	16,708	-
Fund balance (deficit) at end of year	$ (14,499)	$ (10,659)	$ (14,673)	$ (4,014)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1847. The District serves an area of approximately thirty-two square miles and is located in Crawford, Morrow, and Richland Counties. It is staffed by 58 classified employees, 116 certified teaching personnel, and 18 administrative employees who provide services to 1,693 students and other community members. The District currently operates two elementary schools, a middle school, and a high school.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The following activity is included within the District's reporting entity:

Within the District boundaries, St. Joseph Elementary is operated as a private school. Current state legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected in a special revenue fund for financial reporting purposes by the District.

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

North Central Ohio Computer Cooperative/Heartland Council of Governments
The District is a participant in the North Central Ohio Computer Cooperative/Heartland Council of Governments (NCOCC), which is a computer consortium. NCOCC is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructions functions among member school districts. The governing board of NCOCC consists of the superintendent from each member school district. During fiscal year 2023, the District paid $180,027 to NCOCC for various services. Financial information can be obtained from North Central Ohio Computer Cooperative/Heartland Council of Governments, 1495 West Longview Avenue, Suite 100, Mansfield, Ohio 44906.

Pioneer Career and Technology Center
The Pioneer and Technology Center (Center) is a distinct political subdivision of the State of Ohio which provides vocational education. The Center operates under the direction of a Board consisting of eleven appointed members from the fourteen participating school districts. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the District is limited to its representation on the Board. Financial information can be obtained from Pioneer Career and Technology Center, 27 Ryan Road, Shelby, Ohio 44875.

Metropolitan Educational Council
The Metropolitan Education Council (MEC) is a purchasing cooperative made up of school districts, libraries, and related agencies. The purpose of the MEC is to obtain prices for quality merchandise and services commonly used by the participants. The governing board of the MEC consists of one representative from each participant. All participants must pay all fees, charges, or other assessments as established by the MEC. Financial information can be obtained from the Metropolitan Educational Council, 2100 Citygate Drive, Columbus, Ohio 43219.

INSURANCE POOLS

Ohio School Plan
The District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Shuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Financial information can be obtained from Harcum-Shuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Crawford-Wyandot Health Benefit Plan
The Crawford-Wyandot Health Benefit Plan (Plan) is a public entity shared risk pool consisting of six school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to employees of the participating school districts. Each participating school district's superintendent is appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

Each school district decides which benefit program offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from the account manager, 229 Huber Village Boulevard, Westerville, Ohio 43081-5325.

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District does not have proprietary or fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

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

Elementary and Secondary School Emergency Relief (ESSER) - The ESSER fund is used to account for emergency relief grants related to the COVID-19 pandemic. Restrictions include, but are not limited to, providing for coordination of preparedness and response efforts, training and professional development of staff, planning and coordination during long-term closure, and purchasing technology for students.

Bond Retirement Fund - The bond retirement fund is used to account for property taxes and related revenues restricted for the payment of principal and interest on general obligation bonds.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

C. Basis of Presentation

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, payment in lieu of taxes and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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. See Notes 12 and 13 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes, payment in lieu of taxes 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 of resources on both the government-wide statement of net position and the 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. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported as an expenditure with a like amount reported as intergovernmental revenue.

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at the legal level of budgetary control may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate in effect when the final appropriations were passed by the Board of Education.

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

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

F. Cash and Investments

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

During fiscal year 2023, investments were limited to negotiable certificates of deposits (negotiable CDs), U.S. government money market mutual fund, U.S Treasury notes, PEFCO, Federal Agricultural Mortgage Corporation (FAMC), Federal Home Loan Bank (FHLB) Securities, Federal Home Loan Mortgage Corporation (FHLMC) Securities, Federal National Mortgage Association (FNMA) Securities, and Federal Farm Credit Bank (FFCB) Securities. All of the District's investments are reported at fair value, which is based on quoted market prices.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to $111,413, which includes $20,861 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's deposits and investments at fiscal year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government wide financial statements and on the fund financial statements. On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis and is expended when purchased.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintained a capitalization threshold of $2,500 during fiscal year 2023. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The District does not possess infrastructure.

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

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

Description	Governmental Activities Estimated Lives
Land improvements	5 - 60 years
Buildings and improvements	10 - 50 years
Furniture and equipment	3 - 40 years
Vehicles	10 - 15 years
Intangible right to use - leased equipment	5 years
Intangible right to use - leased software	5 - 6 years

The District is reporting intangible right to use assets related to leased equipment and software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

J. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund, financial statements, issuance costs, bond premiums, bond discounts, and charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or inflows of resources.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. The expenditures and liabilities related to these obligations are recognized in the governmental funds when they mature, for example, as a result of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

L. 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 from current financial resources are reported as obligations of the funds. However, claims and judgments and 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 year. Bonds, leases and notes payable obligations are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the 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 District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned amounts include all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for scholarships and nonspendable unclaimed monies.

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

O. Prepaid Items

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items 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.

On the fund financial statements, reported prepayments is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

P. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Q. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Unclaimed monies that have a legal restriction on their use are reported as restricted.

R. Interfund Activity

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during the fiscal year.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

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

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

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficit:

Nonmajor funds	Deficit
Title I	$ 4,996

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to 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. Time certificates of deposits or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

8. Certain banker's acceptance (for a period not to exceed one-hundred eighty days) and commercial paper notes (for a period not to exceed two-hundred-seventy days) in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 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.

A. Cash in Segregated Accounts

At June 30, 2023, $9,617 was maintained in a depository account that the District established for funds related to employee flexible spending. This depository account is included in total amount of "Deposits with Financial Institutions" below.

B. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was $6,495,230 and the bank balance of all District deposits was $6,552,565. Of the bank balance, $79,070 was exposed to custodial risk as discussed below because those deposits were uninsured and collateralized and $6,473,495 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2023, the District's financial institutions had a collateral rate through the OPCS of 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

As of June 30, 2023, the District had the following investments and maturities:

		Investment Maturities				
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FHLMC	$ 205,728	$ 98,987	$ -	$ -	$ -	$ 106,741
FNMA	277,471	97,954	-	-	91,808	87,709
FFCB	1,079,256	-	-	73,310	280,111	725,835
FHLB	932,930	-	179,251	-	186,308	567,371
FAMC	45,901	-	-	-	-	45,901
U.S. Government money market mutual fund	20,829	20,829	-	-	-	-
PEFCO	39,186	-	-	-	-	39,186
Negotiable CDs	281,307	-	-	-	-	281,307
U.S. Treasury note	2,483,696	346,117	479,606	344,182	374,520	939,271
Total	$ 5,366,304	$ 563,887	$ 658,857	$ 417,492	$ 932,747	$ 2,793,321

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The weighted average maturity of investments is 2.40 years.

The District's investments in U.S Government money market mutual funds are valued using quoted market prices (Level 1 inputs). The District's investments in federal agency securities (FHLMC, FNMA, FFCB, FHLB and FAMC), negotiable CDs, U.S. Treasury notes and PEFCO are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significate inputs are observable, either direct or indirectly (Level 2 inputs).

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

Credit Risk: The District's investments in federal securities (FHLMC, FNMA, FFCB, FHLB and FAMC), PEFCO and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CDs are not rated but are fully insured by the FDIC. Standard & Poor's has assigned the U.S. government money market mutual fund an AAAm money market rating. The District has no investment policy dealing with credit risk.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The FHLB, FHLMC, FFCB FNMA and FAMC securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee. The negotiable CD's are fully insured by the FDIC.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

Measurement/ Investment type	Measurement Amount	% of Total
Fair Value:		
FHLMC	$ 205,728	3.83
FNMA	277,471	5.17
FFCB	1,079,256	20.11
FHLB	932,930	17.38
FAMC	45,901	0.86
U.S. government money market mutual fund	20,829	0.39
PEFCO	39,186	0.73
Negotiable CDs	281,307	5.24
U.S. Treasury note	2,483,696	46.29
Total	$ 5,366,304	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Financial Statements

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the financial statements as of June 30, 2023:

Cash and investments per note	
Carrying amount of deposits	$ 6,495,230
Investments	5,366,304
Total	$ 11,861,534
Cash and investments per financial statements	
Governmental activities	$ 11,861,534

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported on the fund statements:

Transfers from the general fund to:	Amount
Bond retirement fund	$ 37,943
Nonmajor governmental fund	360,586
	$ 398,529

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

All transfers made in fiscal year 2023 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Due from/to other funds consisted of the following at June 30, 2023, as reported on the fund financial statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor Governmental Funds	$ 45,326

The balance resulted from a negative cash balance in the ESSER fund (a nonmajor governmental fund), the Title I fund (a nonmajor governmental fund), the student support and academic enrichment fund (a nonmajor governmental fund), the improving teacher quality fund (a nonmajor governmental fund) and the miscellaneous federal grants fund (a nonmajor governmental fund) at fiscal year end. The balances are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Crawford, Morrow, and Richland Counties. The County auditors periodically advance to the 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 as an advance at June 30, 2023 was $1,726,795 in the general fund, $369,706 in the bond retirement fund and $25,724 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022 was $1,782,480 in the general fund, $456,305 in the bond retirement fund and $26,576 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 192,474,260	96.76	$ 192,764,960	96.59
Public utility personal	6,437,450	3.24	6,806,140	3.41
Total	$ 198,911,710	100.00	$ 199,571,100	100.00
Tax rate per $1,000 of assessed valuation	$ 59.83		$ 58.73	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023 consisted of taxes, payment in lieu of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of receivables reported on the statement of net position follows:

NOTE 7 - RECEIVABLES - (Continued)

Governmental activities:	
Property taxes	$ 6,073,124
Payments in lieu of taxes	3,000
Accounts	8,712
Accrued interest	1,781
Intergovernmental	202,046
Total governmental activities	$ 6,288,663

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 8 - PAYMENT IN LIEU OF TAXES

In accordance with agreements related to tax increment financing districts, Crawford County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been exempted. The agreements require a portion of these payments to be made to the District. Each property owner contractually promises to make these payments in lieu of taxes until the agreement expires.

NOTE 9 - CAPITAL ASSETS

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

Governmental activities:	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated/amortized:				
Land	$ 1,052,095	$ -	$ -	$ 1,052,095
Total capital assets, not being depreciated/amortized	1,052,095	-	-	1,052,095
Capital assets, being depreciated/amortized:				
Land improvements	13,004,891	117,815	-	13,122,706
Buildings and improvements	58,369,719	48,745	-	58,418,464
Furniture and equipment	4,297,195	124,954	-	4,422,149
Vehicles	1,640,123	-	-	1,640,123
Intangible right to use:				
Leased equipment	-	111,071	-	111,071
Leased software	-	226,167	-	226,167
Total capital assets, being depreciated/amortized	77,311,928	628,752	-	77,940,680
Less: accumulated depreciation/amortization				
Land improvements	(9,506,423)	(643,470)	-	(10,149,893)
Buildings and improvements	(22,921,780)	(1,523,178)	-	(24,444,958)
Furniture and equipment	(3,276,446)	(217,065)	-	(3,493,511)
Vehicles	(1,407,622)	(98,080)	-	(1,505,702)
Intangible right to use:				
Leased equipment	-	(3,702)	-	(3,702)
Leased software	-	(54,538)	-	(54,538)
Total accumulated depreciation/amortization	(37,112,271)	(2,540,033)	-	(39,652,304)
Total capital assets, being depreciated/amortized, net	40,199,657	(1,911,281)	-	38,288,376
Governmental activities capital assets, net	$ 41,251,752	$ (1,911,281)	$ -	$ 39,340,471

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 660,209
Special	379,636
Support Services:	
Pupil	115,906
Instructional staff	61,707
Board of Education	6,457
Administration	124,880
Fiscal	38,937
Operations and maintenance	708,004
Pupil transportation	184,233
Central	12,709
Operation of non-instructional services:	
Other non-instructional services	5,324
Food service operations	89,934
Extracurricular activities	152,097
Total depreciation expense	$ 2,540,033

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2023, the following changes occurred in governmental activities long-term obligations:

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Due in One Year
Governmental activities:					
General Obligation Bonds:					
Energy conservation bonds					
FY2011 - Serial bonds 4.25%	$ 140,000	$ -	$ (35,000)	$ 105,000	$ 35,000
School improvement refunding bonds					
FY2013 - Serial bonds 1-3%	4,845,000	-	(655,000)	4,190,000	670,000
School improvement refunding					
Bonds FY2014:					
Term bonds 2.25-4%	1,725,000	-	(70,000)	1,655,000	240,000
Serial bonds 1-4%	3,375,000	-	-	3,375,000	-
Capital appreciation bonds - 14.52%	35,000	-	(35,000)	-	-
Accretion on capital appreciation bonds	124,313	15,687	(140,000)	-	-
Total general obligation bonds	10,244,313	15,687	(935,000)	9,325,000	945,000
Other Long-Term Obligations:					
Notes payable (direct borrowing)	1,505,000	-	(195,000)	1,310,000	200,000
Leases payable	-	111,071	(3,439)	107,632	21,000
Net pension liability	11,808,535	8,194,438	-	20,002,973	-
Net OPEB liability	1,418,203	-	(325,031)	1,093,172	-
Compensated Absences	1,456,857	87,781	(260,978)	1,283,660	77,553
Total other long-term obligations	16,188,595	8,393,290	(784,448)	23,797,437	298,553
Total governmental activities	$ 26,432,908	$ 8,408,977	$ (1,719,448)	33,122,437	$ 1,243,553
Add: unamortized premiums on refundings				424,938	
Total on statement of net position				$ 33,547,375	

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability - See Note 12 for detail on the net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service, which is primarily the general fund.

Net OPEB Liability/Asset - See Note 13 for detail on the net OPEB liability/asset. The District pays obligations related to employee compensation from the fund benefitting from their service, which is primarily the general fund.

Compensated Absences - Compensated absences will be paid from the fund which the employees' salaries are paid which, for the District, is primarily the general fund.

B. FY2011 Energy Conservation Bonds - On November 16, 2010 the District issued $566,044 in unvoted general obligation bonds for modifications and remodeling of the District buildings to conserve energy. The bond issue included serial bonds, in the original amount of $566,044. The bonds were issued for a fifteen fiscal year period, with final maturity in fiscal year 2026. The bonds are being retired through the bond retirement fund.

The bonds are subject to extraordinary optional redemption, by and at the sole option of the District, either in whole on any date or in part on any interest payment date, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date in the event that the Build America payments from the federal government cease or are in an amount less than 35 percent of the corresponding interest payable on the bonds.

The following is a summary of the District's future annual debt service requirements to maturity for the FY2011 energy conservation bonds:

	FY2011 Energy Conservation Bonds		
Fiscal Year	Principal	Interest	Total
2024	$ 35,000	$ 3,718	$ 38,718
2025	35,000	2,232	37,232
2026	35,000	744	35,744
Total	$ 105,000	$ 6,694	$ 111,694

C. FY2013 School Improvement Refunding Bonds - On June 13, 2013, the District issued bonds, in the amount of $9,300,000 to partially refund bonds previously issued in fiscal year 2004 for the construction of two elementary schools, a middle school, and a high school. The refunding bond issue includes serial and capital appreciation bonds, in the original amount of $9,070,000 and $230,000, respectively. The bonds were issued for a sixteen year period, with final maturity in fiscal year 2029. The bonds are being retired through the bond retirement fund.

The serial bonds maturing on or after December 1, 2021, are subject to prior redemption on or after June 1, 2021, by and at the sole option of the District, either in whole or in part and in integral multiples of $5,000, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The capital appreciation bonds are not subject to prior redemption. The capital appreciation bonds matured during fiscal year 2021. The maturity amount of the bonds was $655,000. The refunded bonds are fully retired.

The following is a summary of the District's future annual debt service requirements to maturity for the FY2013 school improvement refunding bonds:

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2024	$ 670,000	$ 104,239	$ 774,239
2025	680,000	88,122	768,122
2026	685,000	70,972	755,972
2027	705,000	52,288	757,288
2028	725,000	32,172	757,172
2029	725,000	10,875	735,875
Total	$ 4,190,000	$ 358,668	$ 4,548,668

D. *FY2014 School improvement Refunding Bonds* - On May 7, 2014, the District issued bonds, in the amount of $6,900,000, to currently refund bonds previously issued in fiscal year 2004 for the construction of two elementary schools, a middle school, and a high school, and to partially refund bonds previously issued in fiscal year 2007 for the construction of two elementary schools, a middle school, and a high school. The refunding bond issue includes serial, term and capital appreciation bonds, in the original amount of $4,855,000, $1,905,000 and $140,000, respectively. The bonds were issued for an eighteen year period, with final maturity in fiscal year 2032. The bonds are being retired through the bond retirement fund.

The serial bonds maturing on or after December 1, 2024, are subject to prior redemption on or after June 1, 2024, by and at the sole option of the District, either in whole or in part and an integral multiples of $5,000, at a redemption price of 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

The term bonds maturing on December 1, 2022, are subject to mandatory sinking fund redemption, at a redemption price equal to 10 percent of the principal amount redeemed, plus accrued interest to the date of redemption. The remaining principal, in the amount of $70,000, will be paid at stated maturity on December 1, 2022.

The term bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal amount as follows:

Year	Amount
2023	$240,000

The remaining principal, in the amount of $250,000, will be paid at stated maturity on December 1, 2024.

The term bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal amount as follows:

Year	Amount
2025	$275,000

The remaining principal, in the amount of $280,000, will be paid at stated maturity on December 1, 2026.

The term bonds maturing on December 1, 2028, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the date of redemption, on December 1 in each year and principal amount as follows:

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year	Amount
2027	$290,000

The remaining principal, in the amount of $320,000, will be paid at stated maturity on December 1, 2028.

The capital appreciation bonds are not subject to prior redemption. The remaining capital appreciation bonds matured in the current fiscal year. The maturity amount of the bonds was $175,000.

The refunded bonds were fully retired.

The following is a summary of the District's future annual debt service requirements to maturity for the FY2014 school improvement refunding bonds:

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2024	$ 240,000	$ 187,150	$ 427,150
2025	250,000	179,800	429,800
2026	275,000	171,925	446,925
2027	280,000	163,600	443,600
2028	290,000	153,600	443,600
2029 - 2032	3,695,000	347,300	4,042,300
Total	$ 5,030,000	$ 1,203,375	$ 6,233,375

E. *Notes payable-bus garage/athletic fields*: During a prior fiscal year, the District entered into a notes payable with U.S. Bank ("the Lessor") to provide a new bus garage complex and athletic fields. The District borrowed $2,045,000 on October 26, 2018, at an interest rate of 3.32%. The notes payable is being repaid in installments over a ten-year period, beginning June 1, 2019. Notes payable payments are made from the permanent improvement fund (a nonmajor governmental fund). Notes payable payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

The notes payable agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. In conjunction with the notes payable agreement, the District and the Lessor have entered into a Ground Lease agreement whereby the District has leased to the Lessor, under a Ground Lease, the Project Site and the Lessor has subleased the Project Site, and the facilities already located and/or to be constructed thereon (the "Project Facilities") back to the District under the terms of the notes payable agreement. The Project Site and Project Facilities are collateral for the debt as, in the event of default or "Nonappropriation of Funds", the Lessor shall have the right to occupy the Project Site and Project Facilities and/or assign the Ground Lease. The notes payable agreement provides that in the Board of Education should appropriate funds for the base rent, as defined in the lease, due in each succeeding fiscal year. Failure to appropriate within the allotted time frame is a default under the agreement and cause the agreement to terminate.

Capital assets consisting of buildings and improvements and land improvements have been capitalized in the amount of $1,517,496 and $489,496, respectively. This amount represents the present value of the minimum notes payable payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in fiscal year 2023 totaled $195,000 and $46,729, respectively, paid by the permanent improvement fund (a nonmajor governmental fund).

The following is a summary of the District's future annual debt service requirements to maturity for the notes payable-bus garage/athletic fields:

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year Ending June 30,	Notes Payable Principal	Notes Payable Interest	Notes Payable Total
2024	$ 200,000	$ 40,172	$ 240,172
2025	210,000	33,366	243,366
2026	215,000	26,311	241,311
2027	220,000	19,090	239,090
2028	230,000	11,620	241,620
2029	235,000	3,901	238,901
Total	$ 1,310,000	$ 134,460	$ 1,444,460

E. *Leases Payable*: In the current fiscal year, the District entered into a lease agreement for the right to use copiers. In accordance with GASB Statement No. 87, the District has reported an intangible capital asset and corresponding liability for the future scheduled payments under the lease agreement. Lease payments have been reclassified and are reflected as debt service expenditures on the fund financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The District entered into the lease with Perry ProTech. for a term of 60 months on May 22, 2023. Payments are due monthly, and the lease matures on April 30, 2028. Lease payments are made from the general fund.

The following is a summary of the District's future annual debt service requirements to maturity for the leases payable:

Fiscal Year Ending June 30,	Notes Payable Principal	Notes Payable Interest	Notes Payable Total
2024	$ 21,000	$ 2,961	$ 23,961
2025	21,643	2,318	23,961
2026	22,306	1,656	23,962
2027	22,989	973	23,962
2028	19,694	274	19,968
Total	$ 107,632	$ 8,182	$ 115,814

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of $11,211,436 (including available funds of $2,470,037), and an unvoted debt margin of $199,571.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

Type of Coverage	Coverage
Property Coverage:	
Blanket buildings and contents	$ 111,862,031
Automobile Liability	5,000,000
General School District Liability:	
Per Occurrence	5,000,000
Total per Year	7,000,000

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

For fiscal year 2023, the District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

The District participates in the Crawford-Wyandot Health Benefit Plan (Plan), a public entity shared risk pool consisting of six school districts. The District pays monthly premiums to the Plan for medical, dental, and life insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The District also provides vision insurance through VSP, administered by Crawford-Wyandot Health Benefit Plan.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the 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 - The District's 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.

Age and service requirements for retirement are as follows:

	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 reduced benefits	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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty 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.

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. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $411,484 for fiscal year 2023. Of this amount, $32,670 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (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. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan 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 Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $1,323,604 for fiscal year 2023. Of this amount, $217,860 is reported as intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.07271600%	0.07137179%	
Proportion of the net pension liability current measurement date	0.07614410%	0.07145487%	
Change in proportionate share	0.00342810%	0.00008308%	
Proportionate share of the net pension liability	$ 4,118,465	$ 15,884,508	$ 20,002,973
Pension expense	$ 328,770	$ 1,725,011	$ 2,053,781

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2023, the 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	$ 166,801	$ 203,342	$ 370,143
Net difference between projected and actual earnings on pension plan investments	-	552,741	552,741
Changes of assumptions	40,638	1,900,898	1,941,536
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	208,469	17,305	225,774
Contributions subsequent to the measurement date	411,484	1,323,604	1,735,088
Total deferred outflows of resources	$ 827,392	$ 3,997,890	$ 4,825,282

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 27,037	$ 60,765	$ 87,802
Net difference between projected and actual earnings on pension plan investments	143,715	-	143,715
Changes of assumptions	-	1,430,830	1,430,830
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	272,489	272,489
Total deferred inflows of resources	$ 170,752	$ 1,764,084	$ 1,934,836

$1,735,088 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ 159,015	$ (55,884)	$ 103,131
2025	52,609	(127,193)	(74,584)
2026	(205,300)	(517,666)	(722,966)
2027	238,832	1,610,945	1,849,777
Total	$ 245,156	$ 910,202	$ 1,155,358

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The long-term return expectation for the Pension Plan Investments has been determined 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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 6,062,184	$ 4,118,465	$ 2,480,908

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 23,995,708	$ 15,884,508	$ 9,024,943

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

NOTE 13 - DEFINED 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 the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% 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 District's surcharge obligation was $54,552.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $54,552 for fiscal year 2023. Of this amount, $54,552 is reported as 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 to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. 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 Liabilities/Assets, 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/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.07493480%	0.07137179%	
Proportion of the net OPEB liability/asset current measurement date	0.07786070%	0.07145487%	
Change in proportionate share	0.00292590%	0.00008308%	
Proportionate share of the net OPEB liability	$ 1,093,172	$ -	$ 1,093,172
Proportionate share of the net OPEB asset	$ -	$ (1,850,204)	$ (1,850,204)
OPEB expense	$ (82,612)	$ (320,755)	$ (403,367)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 9,187	$ 26,820	$ 36,007
Net difference between projected and actual earnings on OPEB plan investments	5,686	32,203	37,889
Changes of assumptions	173,884	78,812	252,696
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	168,347	17,614	185,961
Contributions subsequent to the measurement date	54,552	-	54,552
Total deferred outflows of resources	$ 411,656	$ 155,449	$ 567,105

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 699,271	$ 277,866	$ 977,137
Changes of assumptions	448,755	1,311,976	1,760,731
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	110,743	8,648	119,391
Total deferred inflows of resources	$ 1,258,769	$ 1,598,490	$ 2,857,259

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

$54,552 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (227,789)	$ (411,715)	$ (639,504)
2025	(211,871)	(422,592)	(634,463)
2026	(180,608)	(198,801)	(379,409)
2027	(106,236)	(82,664)	(188,900)
2028	(63,666)	(108,248)	(171,914)
Thereafter	(111,495)	(219,021)	(330,516)
Total	$ (901,665)	$ (1,443,041)	$ (2,344,706)

Actuarial Assumptions - SERS

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

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

In 2022, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% 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. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,357,737	$ 1,093,172	$ 879,597

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 843,032	$ 1,093,172	$ 1,419,896

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

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

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

For the June 30, 2022 actuarial valuation, 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 the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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 Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,713,323	$ 1,850,204	$ 1,969,903

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,919,112	$ 1,850,204	$ 1,763,225

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to thirty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred eighty days for certified employees and two hundred seventy days for classified employees. Upon retirement, payment is made for up to thirty percent of accrued but unused sick leave credit to the maximum of eighty-four days for certified and classified employees.

B. Health Care Benefits

The District offers medical and dental insurance to most employees through the Crawford-Wyandot Health Benefit Plan. The District also provides vision insurance through Vision Service Plan and life insurance through Consumers Life Insurance Company. Premiums vary for each employee depending on the terms of the union contracts.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and the ESSER fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund and the ESSER fund are as follows:

Net Change in Fund Balance

	General fund	ESSER fund
Budget basis	$ 1,863,179	$ 63,118
Net adjustment for revenue accruals	(44,317)	(77,791)
Net adjustment for expenditure accruals	(248,646)	(135,642)
Net adjustment for other sources/uses	(16,123)	-
Funds budgeted elsewhere **	(45,848)	-
Adjustment for encumbrances	379,979	14,673
GAAP basis	$ 1,888,224	$ (135,642)

** Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund, the unclaimed monies fund, the severance pay fund, the school projects fund, the special trust fund and the faculty funds.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either a plaintiff or defendant.

NOTE 16 - CONTINGENCIES - (Continued)

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2023 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside balance June 30, 2022	$ -
Current year set-aside requirement	371,135
Current year qualifying expenditures	(237,663)
Current year offsets	(443,197)
Total	$ (309,725)
Balance carried forward to fiscal year 2024	$ -
Set-aside balance June 30, 2023	$ -

NOTE 18 - TAX ABATEMENTS

The District's property taxes were reduced as follows under community reinvestment area and enterprise zone agreements entered into by overlapping governments.

During fiscal year 2023, the District's property tax revenues were reduced as follows:

Overlapping Government	Year 2023 Taxes Abated CRA
City of Galion	$ 64,469

NOTE 19 - DONOR RESTRICTED ENDOWMENTS

The District's nonmajor governmental funds include donor restricted endowments and contributions held in trust for scholarships. Endowments reflected as nonspendable scholarships, in the amount of $207,464, represent principal portions, which are to remain intact. The amount of net appreciation in donor restricted investments that is available for expenditures by the District is $23,186 and is included as restricted for scholarships. State law permits the District to appropriate, for purposes consistent with the endowment or contribution's intent, net appreciation, realized and unrealized, unless the endowment or contribution terms specify otherwise. The endowments and contributions indicate that the interest should be used to provide a scholarship each year.

NOTE 20 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General	$ 353,146
ESSER	3,345
Bond retirement	250
Nonmajor governmental	115,764
Total	$ 472,505

REQUIRED SUPPLEMENTARY INFORMATION

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
District's proportion of the net pension liability	0.07614410%	0.07271600%	0.06758190%	0.07309160%
District's proportionate share of the net pension liability	$ 4,118,465	$ 2,683,010	$ 4,470,009	$ 4,373,199
District's covered payroll	$ 2,932,850	$ 2,549,121	$ 2,333,979	$ 2,266,452
District's proportionate share of the net pension liability as a percentage of its covered payroll	140.43%	105.25%	191.52%	192.95%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
0.07170840%		0.07611560%		0.07218480%		0.06615630%		0.06464600%		0.06464600%	
$	4,106,873	$	4,547,741	$	5,283,263	$	3,774,942	$	3,271,698	$	3,844,290
$	2,433,081	$	2,504,693	$	2,247,621	$	2,020,236	$	1,745,786	$	1,678,214
168.79%		181.57%		235.06%		186.86%		187.41%		229.07%	
71.36%		69.50%		62.98%		69.16%		71.70%		65.52%	

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
District's proportion of the net pension liability	0.07145487%	0.07137179%	0.07261041%	0.07231568%
District's proportionate share net pension liability	$ 15,884,508	$ 9,125,525	$ 17,569,136	$ 15,992,178
District's covered payroll	$ 9,237,871	$ 8,778,414	$ 8,934,000	$ 8,366,286
District's proportionate share of net pension liability as a percentage of its covered payroll	171.95%	103.95%	196.65%	191.15%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	0.07258905%	0.07320149%	0.07093201%	0.06801801%	0.06749488%	0.06749488%
	$ 15,960,702	$ 17,389,171	$ 23,743,082	$ 18,798,188	$ 16,417,091	$ 19,555,931
	$ 8,301,807	$ 8,144,636	$ 7,633,921	$ 6,954,314	$ 6,967,321	$ 7,254,192
	192.26%	213.50%	311.02%	270.31%	235.63%	269.58%
	77.31%	75.30%	66.80%	72.10%	72.10%	74.70%

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Contractually required contribution	$ 411,484	$ 410,599	$ 356,877	$ 326,757
Contributions in relation to the contractually required contribution	(411,484)	(410,599)	(356,877)	(326,757)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,939,171	$ 2,932,850	$ 2,549,121	$ 2,333,979
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	305,971	$	328,466	$	350,657	$	314,667	$	266,267	$	241,966
	(305,971)		(328,466)		(350,657)		(314,667)		(266,267)		(241,966)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,266,452	$	2,433,081	$	2,504,693	$	2,247,621	$	2,020,236	$	1,745,786
	13.50%		13.50%		14.00%		14.00%		13.18%		13.86%

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Contractually required contribution	$ 1,323,604	$ 1,293,302	$ 1,228,978	$ 1,250,760
Contributions in relation to the contractually required contribution	(1,323,604)	(1,293,302)	(1,228,978)	(1,250,760)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,454,314	$ 9,237,871	$ 8,778,414	$ 8,934,000
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 1,171,280	$ 1,162,253	$ 1,140,249	$ 1,068,749	$ 973,604	$ 905,740
(1,171,280)	(1,162,253)	(1,140,249)	(1,068,749)	(973,604)	(905,740)
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,366,286	$ 8,301,807	$ 8,144,636	$ 7,633,921	$ 6,954,314	$ 6,967,231
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.07786070%	0.07493480%	0.07021880%	0.07464980%
District's proportionate share net OPEB liability	$ 1,093,172	$ 1,418,203	$ 1,526,084	$ 1,877,285
District's covered payroll	$ 2,932,850	$ 2,549,121	$ 2,333,979	$ 2,266,452
District's proportionate share of net OPEB liability as a percentage of its covered payroll	37.27%	55.63%	65.39%	82.83%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.07258360%		0.07703440%		0.07294360%
$	2,013,665	$	2,067,400	$	2,079,162
$	2,433,081	$	2,504,693	$	2,247,621
	82.76%		82.54%		92.51%
	13.57%		12.46%		11.49%

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
District's proportion of the net OPEB liability/asset	0.07145487%	0.07137179%	0.07261041%	0.07231568%
District's proportionate share net OPEB liability/(asset)	$ (1,850,204)	$ (1,504,816)	$ (1,276,127)	$ (1,197,721)
District's covered payroll	$ 9,237,871	$ 8,778,414	$ 8,934,000	$ 8,366,286
District's proportionate share of net OPEB liability/asset as a percentage of its covered payroll	(20.03%)	(17.14%)	(14.28%)	(14.32%)
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.07258905%		0.07320149%		0.07093201%
$	(1,166,432)	$	2,856,053	$	3,793,462
$	8,301,807	$	8,144,636	$	7,633,921
	(14.05%)		35.07%		49.69%
	176.00%		47.10%		37.30%

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	**2022**	**2021**	**2020**
Contractually required contribution	$ 54,552	$ 50,861	$ 47,932	$ 45,532
Contributions in relation to the contractually required contribution	(54,552)	(50,861)	(47,932)	(45,532)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,939,171	$ 2,932,850	$ 2,549,121	$ 2,333,979
Contributions as a percentage of covered payroll	1.86%	1.73%	1.88%	1.95%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	55,702	$	50,647	$	41,036	$	36,018	$	50,636	$	34,983
	(55,702)		(50,647)		(41,036)		(36,018)		(50,636)		(34,983)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,266,452	$	2,433,081	$	2,504,693	$	2,247,621	$	2,020,236	$	1,745,786
	2.46%		2.08%		1.64%		1.60%		2.51%		2.00%

GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS
(SEE ACCOUNTANT'S COMPILATION REPORT)

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,454,314	$ 9,237,871	$ 8,778,414	$ 8,934,000
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ 69,672
-	-	-	-	-	(69,672)
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,366,286	$ 8,301,807	$ 8,144,636	$ 7,633,921	$ 6,954,314	$ 6,967,231
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit receipients commencing benefits on or after April 1, 2018
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) 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, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients 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 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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 fiscal year 2021, 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 fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projecte salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.