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GALION CITY SCHOOL DISTRICT, OHIO

ANNUAL INFORMATION FILING FOR FISCAL YEAR 2022

The following provides, in accordance with the continuing disclosure agreements (the Continuing Disclosure Agreements) entered into by the Galion City School District, Ohio (the School District or District), annual financial information and operating data for the School District's fiscal year ended June 30, 2022 (Fiscal Year 2022), of the type included in the respective final official statements for its primary offerings and issuances of:

\$9,300,000 School Improvement Refunding Bonds, Series 2013, dated June 13, 2013. Final maturity of December 1, 2028.

\$6,900,000 School Improvement Refunding Bonds, Series 2014, dated May 7, 2014. Final maturity of December 1, 2031.

The applicable CUSIP number is 363568.

The Annual Information Filing constitutes only the annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreements entered into at the times of the primary offerings referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for Fiscal Year 2022 may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be important when making an investment decision. Further, no representation is made that the Annual Information Filing is indicative of financial or operating results of the School District since the end of Fiscal Year 2022 or future financial or operating results. Finally, the inclusion of certain information pertaining to post-Fiscal Year 2022 events, if any, is provided solely for convenience, and is not intended to suggest that other such information not so included is any less material or important to an investor.

Dated: March 9, 2023

GALION CITY SCHOOL DISTRICT, OHIO

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INTRODUCTORY STATEMENT

The Galion City School District, Ohio (the School District or District) entered into the Continuing Disclosure Agreements pursuant to SEC Rule 15c2-12 (the Rule) in connection with the primary offerings and issuances by the School District of the bond issues identified on the cover page (collectively, the Bonds). The Continuing Disclosure Agreements require the School District to provide annually financial information and operating data for its immediately preceding Fiscal Year of the type included in the final official statements for those offerings (collectively, the Official Statements). This Annual Information Filing provides such financial information and operating data for the School District's Fiscal Year ended June 30, 2022.

All financial and other information in this Annual Information Filing has been provided by the School District from its records, except for information expressly attributed to other sources. More complete information regarding laws, reports and documents referenced in this Annual Information Filing may be obtained by reviewing those laws, reports and documents. Subject to limited exceptions, records of the School District are available for public inspection and copies may be obtained at cost upon request. Questions regarding information contained in this Annual Information Filing and requests for copies of documents should be directed to the Treasurer of the Board of Education of the School District at the address shown on the cover.

The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. The information and expressions of opinion herein are subject to change without notice. The delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that the affairs of the School District have not changed since June 30, 2022 or since the date of this Annual Information Filing.

As used in this Annual Information Filing:

- **“Board”** means Board of Education of the School District.
- **“City”** means the City of Galion.
- **“Counties”** means, collectively, the Counties of Crawford, Richland and Morrow.
- **“County”** means the County of Crawford.
- **“County Auditors”** means, collectively, the Auditors of the Counties.
- **“Debt charges”** or **“Debt service”** means the principal (including any mandatory sinking fund deposits and mandatory redemption payments) of and interest and any redemption premium payable on the obligations referred to as those payments come due and are payable.
- **“Fiscal Year”** means the 12-month period ending June 30, and reference to a particular Fiscal Year (such as “Fiscal Year 2022”) means the Fiscal Year ending on June 30 in that year.
- **“Revised Code”** means the Ohio Revised Code.
- **“State”** or **“Ohio”** means the State of Ohio.

COVID-19 PANDEMIC

The spread of the strain of coronavirus commonly known as COVID-19 (COVID-19 or the Pandemic) began altering the behavior of businesses and people early in 2020 in a manner that had, and to an extent continues to have, negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As the initial effects of the Pandemic became known, the State reduced the aggregate State Education Aid provided to Ohio school districts in both Fiscal Years 2020 and 2021. The Pandemic also materially affected school district operations throughout the State in both Fiscal Years.

The federal government as a part of its response to the Pandemic, has provided Elementary and Secondary School Emergency Relief (ESSER assistance) pursuant to several legislative acts to assist states in addressing the adverse impact that COVID-19 was having, and to an extent continues to have, on elementary and secondary schools across the nation. The State, in turn, began allocating the ESSER assistance it received and other available grant assistance to Ohio school districts late in Fiscal Year 2020.

The amounts of the reductions in State Education Aid and in any of its local tax sources, additional grant assistance received as well as both Pandemic-related expenses and operational cost savings resulting from the temporary school closures experienced by the School District during the pendency of the Pandemic, if any, are reflected in the information provided in this Annual Information Filing. See, e.g., **State School Funding System** and **Appendices A and B**.

The Pandemic's full effect on the School District's finances and operations, including on subsequent levels of State Education Aid and other State and federal assistance, and on the collection of local taxes, cannot be fully known.

FINANCIAL REPORTS AND AUDITS

The School District maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Ohio Auditor of State (the State Auditor). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

School District receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor that are generally applicable to all Ohio school districts. The records of these cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Those principles, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service (bond retirement) fund and for a full accrual basis of accounting for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures and statements showing changes in fund balances.

Annual financial reports are prepared by the School District and are filed as required by law with the State Auditor after the close of each Fiscal Year.

Audits are made by the State Auditor, or by private auditing firms (CPAs) at the direction of that officer, pursuant to Ohio law and under certain federal program requirements. No other independent examination or audit of the District's financial records is made.

The most recent audit (including compliance audit) of the School District's accounts was completed through Fiscal Year 2022. The School District's audited basic financial statements for Fiscal Year 2022 (the Fiscal Year 2022 Financial Statements) were filed with the Municipal Securities Rulemaking Board (MSRB) on March 9, 2023 in an electronic format prescribed by the MSRB using the MSRB's Electronic Municipal Market Access (EMMA) platform. Those Fiscal Year 2022 Financial Statements are hereby incorporated by reference and made a part of this Annual Information Filing. They may be accessed using the following link: <https://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=P21270146>

No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

See **Appendix A** for an unaudited comparative cash-basis summary of general operating fund activity for Fiscal Year 2022 and other recent Fiscal Years. That summary has been prepared by the School District in comparative form from statements prepared by the Treasurer. Cash basis summaries of the School District's governmental funds receipts and expenditures for Fiscal Year 2022 are set forth in **Appendix B**.

GENERAL OPERATING FUNDS

The General Fund is the School District's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives money from many sources, but primarily from ad valorem property taxes levied by the Board and the education aid distributions from the State under the State School Funding System. For details concerning general operating fund revenues, expenditures and beginning and year-end balances for Fiscal Year 2022 and other recent Fiscal Years, see **Ad Valorem Property Taxes, State School Funding System, Appendices A and B** and the Fiscal Year 2022 Financial Statements.

For information concerning other School District funds' beginning and year-end balances, revenues and expenditures for Fiscal Year 2022, see **Bond Retirement Fund, Appendix B** and the Fiscal Year 2022 Financial Statements.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the School District.

| Tax Collection Year | Real(a) | Public Utility(b) | Total Assessed Valuation |
|------------------------------------|----------------|------------------------------|---|
| 2018 | \$157,493,790 | \$3,827,970 | \$161,321,760 |
| 2019(c) | 171,593,870 | 4,149,050 | 175,742,920 |
| 2020 | 171,512,930 | 5,261,900 | 176,774,830 |
| 2021 | 171,880,510 | 5,853,040 | 177,733,550 |
| 2022(d) | 192,474,260 | 6,424,650 | 198,898,910 |

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditors. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads; see footnote (a).

(c) Reflects sexennial reappraisal in the County.

(d) Reflects triennial adjustment in the County.

Source: Crawford County Auditor.

Of the School District's assessed valuation, approximately 93% is for property in Crawford County, 4% for property in Richland County and 3% for property in Morrow County.

Taxes collected on "Real" in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. "Public Utility" (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Pursuant to statutory requirements for sexennial reappraisals, in 2018 the Crawford County Auditor adjusted the true value of taxable real property in the County to reflect current fair market values. These adjustments were first reflected in the 2018 duplicate (collection year 2019) and in the ad valorem taxes distributed to the School District beginning in 2019. The County Auditors are also required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and have adjusted, taxable real property value triennially to reflect true values. The Crawford County Auditor completed such a triennial readjustment in 2021, and that readjustment was first reflected in the 2021 duplicate (collection year 2022) and in ad valorem taxes distributed to the School District in 2022.

The "assessed valuation" of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As a result of a phase-out of taxation of tangible personal property used in general business (excluding certain public utility property) and tangible personal property used by telephone, telegraph or interexchange telecommunications companies, and a reduction of the percentages of true value of electric utility production equipment and natural gas utility property assessed for taxation, eligible school districts have received reimbursement payments from the State to account for the loss of property tax revenue. Under State legislation passed in 2015, such reimbursements have been combined and are to be distributed by the State in November and May of each Fiscal Year. According to information provided by the Ohio Department of Education, the School District received \$96,886 of such reimbursements in Fiscal Year 2022, all allocable to its levies for debt charges on the Bonds.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on general obligation debt. These credits are discussed further following **Tax Table A**.

The following table summarizes the recent major tax abatements granted by the City and still in effect as of June 30, 2022 and the estimated amounts of any compensatory payments being made to the School District by the property owner:

| Company | Investment | | | | Year Abatement Granted | Year of Expiration | Estimated Annual Compensatory Payment |
|--------------------------|--------------------------|------------------|----------------------------------|--------------------------|------------------------------|-----------------------|--|
| | Estimated New Jobs | Real Property | Tangible Personal Property | Percent of Tax Abated | | | |
| Five Galion Company, LLC | 0 | \$4,400,000 | \$0 | 100.00% | 2019 | December 2035 | \$3,000 |

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following were the rates at which the School District and overlapping taxing subdivisions levied ad valorem property taxes in recent years in the portions of the School District located in the City and the Townships of Polk and Jefferson.

TAX TABLE A-1
Overlapping Tax Rates
for the portion of the School District in the
City of Galion and Outside the Townships

| Collection Year | School District | City | Career Center(a) | Crawford County and Others(b) | Total |
|----------------------------|----------------------------|-------------|-----------------------------|--|--------------|
| 2018 | 60.28 | 3.90 | 3.70 | 14.35 | 82.23 |
| 2019 | 59.83 | 3.90 | 3.70 | 14.35 | 81.78 |
| 2020 | 59.83 | 3.90 | 3.70 | 14.35 | 81.78 |
| 2021 | 59.83 | 3.90 | 3.70 | 12.60 | 80.03 |
| 2022 | 59.83 | 3.90 | 3.70 | 15.10 | 82.53 |

(a) Levies for the Pioneer Career and Technology Center.

(b) Includes the Children's Services, Council on Aging, Fairview Manor, Fairway School, Mental Health and County General.

Source: Crawford County Auditor.

TAX TABLE A-2
Overlapping Tax Rates
for the portion of the School District in the
Township of Polk

| Collection Year | School District | Polk Township | Career Center(a) | Crawford County and Others(b) | Total |
|----------------------------|----------------------------|--------------------------|-----------------------------|--|--------------|
| 2018 | 60.28 | 9.00 | 3.70 | 14.35 | 87.33 |
| 2019 | 59.83 | 9.00 | 3.70 | 14.35 | 86.88 |
| 2020 | 59.83 | 9.00 | 3.70 | 14.35 | 86.88 |
| 2021 | 59.83 | 9.00 | 3.70 | 12.60 | 85.13 |
| 2022 | 59.83 | 9.00 | 3.70 | 15.10 | 87.63 |

(a) Levies for the Pioneer Career and Technology Center.

(b) Includes the Children's Services, Council on Aging, Fairview Manor, Fairway School, Mental Health and County General.

Source: Crawford County Auditor.

TAX TABLE A-3
Overlapping Tax Rates
for the portion of the School District in the
Township of Jefferson

| Collection Year | School District | Jefferson Township | Career Center(a) | Crawford County and Others(b) | Total |
|----------------------------|----------------------------|-------------------------------|-----------------------------|--|--------------|
| 2018 | 60.28 | 5.20 | 3.70 | 14.35 | 83.53 |
| 2019 | 59.83 | 5.20 | 3.70 | 14.35 | 83.08 |
| 2020 | 59.83 | 5.20 | 3.70 | 14.35 | 83.08 |
| 2021 | 59.83 | 5.20 | 3.70 | 12.60 | 81.33 |
| 2022 | 59.83 | 8.20 | 3.70 | 15.10 | 86.83 |

(a) Levies for the Pioneer Career and Technology Center.

(b) Includes the Children's Services, Council on Aging, Fairview Manor, Fairway School, Mental Health and County General.

Source: Crawford County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from (i) taxes levied at whatever rate required to produce a specified amount (such as emergency tax levies) or an amount to pay debt charges on voted general obligations (such as the Bonds), (ii) taxes levied inside the ten-mill limitation, or (iii) school district levies for operating purposes once the "twenty-mill floor" has been reached. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting "effective tax rate" reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As examples, the total overlapping tax rates for the indicated portions of the School District for the 2022 tax collection year were reduced by the respective reduction factors shown below, for residential and agricultural property and for all other real property in the School District, and resulted in the effective rates shown below. See also **Tax Tables A-1, A-2 and A-3**.

**For the Portion of the
District Located in:**

| | Reduction Factor | | Effective Rate | |
|--------------------------------------|---------------------------------|-------------------|---------------------------------|-------------------|
| | Residential/Agricultural | All Others | Residential/Agricultural | All Others |
| The City(a) | 0.381653 | 0.198028 | 51.032229 | 66.186824 |
| Polk Township (outside City) | 0.376873 | 0.202482 | 54.604655 | 69.886571 |
| Jefferson Township (outside City) | 0.372688 | 0.194284 | 54.469501 | 69.960342 |
| Polk Township (inside City) | 0.375587 | 0.201791 | 54.904655 | 70.186571 |
| Jefferson Township (inside City) | 0.365532 | 0.190554 | 56.169501 | 71.660342 |

(a) Outside the Townships.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State's General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the School District levied property taxes for the general categories of purposes for the years shown, both inside and outside the ten-mill limitation.

**TAX TABLE B
District Tax Rates**

Unvoted (inside the 10-Mill Limitation)

| Collection Year | Total, All Operating |
|----------------------------|---------------------------------|
| 2018 | 3.90 |
| 2019 | 3.90 |
| 2020 | 3.90 |
| 2021 | 3.90 |
| 2022 | 3.90 |

Voted

| Collection Year | Operating | Debt Retirement | Classroom Facilities Maintenance | Total |
|----------------------------|------------------|----------------------------|---|--------------|
| 2018 | 48.33 | 7.55 | 0.50 | 56.38 |
| 2019 | 48.33 | 7.10 | 0.50 | 55.93 |
| 2020 | 48.33 | 7.10 | 0.50 | 55.93 |
| 2021 | 48.33 | 7.10 | 0.50 | 55.93 |
| 2022 | 48.33 | 7.10 | 0.50 | 55.93 |

The voted levies for "Debt Retirement" continue for the life of the bonds authorized by the voters, in annual amounts sufficient to pay debt charges on those bonds as they come due.

The total School District operating millage of 52.23 mills for collection year 2022 includes voted levies aggregating 40.60 mills approved by School District voters for a continuing period of time and not requiring a renewal vote and 7.73 mills originally approved for a five-year period through collection year 2006 and last renewed for an additional five years (through collection year 2026) at an election on November 3, 2020. The balance of 3.90 mills constituted the School District's mandated share of the unvoted 10 mills.

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

The following table presents certain information concerning the School District's millage-based voted property tax levies for current operating purposes levied for tax collection year 2022, each of which, except as otherwise noted, is levied for a continuing period of time:

| <u>Millage Rate</u> | | | |
|---------------------|---|-----------|----------------------------|
| Voter Authorized | Levied for <u>Collection Year 2022</u> | | Last Collection Year |
| | Res./Agr. | All Other | |
| 22.70 | 5.483298 | 10.785019 | Continuing |
| 17.90 | 8.620622 | 15.967999 | Continuing |
| 7.73 | 6.221583 | 6.895677 | 2026 |

For collection year 2022, the School District had an effective tax rate on residential and agricultural property of 24.225503 mills (including 20.325503 for voted levies and the 3.90-mill mandated share of the unvoted 10 mills) for current operating expenses. State law establishes a "20-mill floor" for a school district's levy for current operating expenses (excluding for this purpose emergency tax levies and other "fixed dollar" levies for operating purposes). If the School District were to reach that floor, the effect of the reduction mechanism discussed above would be negated, and the School District would receive the proceeds of 20 mills of property tax levied against all property subject to ad valorem property taxes without reduction. The effect of reaching that floor would be that the School District would receive increases in property tax receipts for operating purposes more nearly commensurate with increases in its assessed valuation. There can be no assurance whether or when the School District will reach that floor.

For collection years 2021 and 2022, the School District also had in effect a voted 0.50-mill levy for classroom facilities maintenance approved for a 23-year period that commenced in collection year 2006. That levy generated approximately \$80,328 annually in collection years 2021 and 2022 for that purpose.

Each levy approved for a continuing period is subject to reduction through a statutory procedure requiring both (i) a petition signed by 10% of the electors of the School District voting in the last general election (to be filed at least 60 days before the general election in any year) stating the amount of the proposed reduction, and (ii) the approval of the reduction by a majority vote at the general election, with the reduction to commence at the expiration of the then current year. In 2004, such a petition was filed proposing a 9.4-mill reduction in the 32.10 mills levied by the School District pursuant to voter approvals obtained in 1971 or before and, at an election in November 2004, a majority of the voters of the School District voting on the question voted to approve that reduction beginning in tax year 2005 (collection year 2006). That vote reduced the School District's annual ad valorem real property tax collections by approximately \$785,000 beginning in collection year 2006. No other such petition has been filed with respect to a School District levy.

Collections and Delinquencies

The following are the amounts billed and collected for School District ad valorem property taxes on real and public utility property for recent tax collection years.

| Collection Year | Current Billed | Current Collected | Current % Collected | Accumulated Delinquent |
|-----------------|----------------|-------------------|---------------------|------------------------|
| 2017 | \$5,974,456 | \$5,598,432 | 93.71% | \$602,732 |
| 2018 | 6,092,092 | 5,724,762 | 93.97 | 604,506 |
| 2019 | 6,175,446 | 5,875,104 | 95.14 | 706,188 |
| 2020 | 6,815,952 | 6,186,323 | 90.76 | 706,188 |
| 2021 | 6,201,745 | 5,931,410 | 95.64 | 666,324 |

Source: County Auditor.

Included in the “Current Billed,” “Current Collected” and “Current % Collected” figures above are payments made from State revenue sources under two Statewide real property tax relief programs – the Homestead Exemption and the Property Tax Rollback Exemption. Homestead Exemptions are available for (i) persons 65 years of age or older, (ii) persons who are totally or permanently disabled and (iii) surviving spouses of persons who were totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouses were not younger than 59 or older than 65 years of age on the date of their deceased spouses’ deaths. The Homestead Exemption exempts \$25,000 of the homestead’s market value from taxation, thereby reducing the property owner’s ad valorem property tax liability. The Property Tax Rollback Exemption applies to all non-business properties, and reduces each property owner’s ad valorem property tax liability by either 12.5% (for owner-occupied non-business properties) or 10% (for non-owner non-business occupied properties). Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead and Property Tax Rollback Exemptions granted. This State assistance reflected in the School District’s tax collections for 2021 was \$288,467 for the elderly/disabled homestead payment and \$502,478 for the rollback payment.

The Homestead Exemption became subject to means testing beginning in 2014, and the Property Tax Rollback Exemption and related reimbursements have been eliminated with respect to new or replacement tax levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Tax Rates**.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Of the 8,499 nonexempt parcels in the School District for collection year 2021, the number of delinquent parcels was 311 against 18 of which foreclosure proceedings were commenced by County officials.

These taxpayers accounted for more than 5% of the delinquencies identified above for collection year 2021:

| Taxpayer | Current Status |
|---------------------|-----------------------|
| 710 Clay Street LLC | Delinquent |
| Lieben Group | Delinquent |

STATE SCHOOL FUNDING SYSTEM

The State’s General Assembly has historically provided financial assistance to city, exempted village, local and municipal school districts as a part of its undertaking to secure a thorough and efficient system of common schools throughout the State as required by the Ohio Constitution. The levels of that financial assistance (State Education Aid) and methods used in allocating it among the school districts have been established and frequently modified in the State’s biennial budget and other legislation passed by the General Assembly from time to time. As used herein, “State Budget Act” means Amended Substitute House Bill No. 110, passed by the Ohio General Assembly and signed by the Governor on June 30, 2021, providing State appropriations for its 2021-2023 biennium (beginning July 1, 2021 through June 30, 2023) and enacting other statutory provisions. Descriptions of the State’s school funding methodologies applicable to Fiscal Years 2021 and prior may have been disclosed previously by the School District in prior annual information filings and/or offering documents available on EMMA, if and as applicable; to the extent applicable, any such descriptions are incorporated herein by reference. The following describes the methodology that took effect beginning July 1, 2021, which materially affects the distribution of State Education Aid.

The State Budget Act incorporated and adopted aspects of the “Fair School Funding Plan” (FSFP), a three-year, bipartisan effort by school district board members and administrators, State legislators, trade associations and other interested parties to create a funding model that would more equitably distribute money among the State’s school districts, with an emphasis on additional funds being provided by the State rather than being raised by school districts through local ad valorem property tax levies, school district income taxes or otherwise.

Under the State Budget Act, State Education Aid was estimated to increase average per-pupil aid from \$6,020 to \$7,020, phased in over the biennium. Generally speaking, K-12 funding was and will be increased, with approximately two thirds of the additional revenue going to the poorest school districts in the State and with the largest per-pupil increases, on average, going to urban school districts and the largest average percentage increases going to smaller urban school districts. It was anticipated that no school district would receive less net State Education Aid under the State Budget Act than it did in Fiscal Year 2021, and that net State Education Aid would increase for almost all school districts during the biennium, modestly in most instances.

The State Budget Act made significant changes to the calculation and payment of State Education Aid. Under the State Budget Act, students are funded where they are educated, instead of where they live. Students at community schools, STEM schools and those participating in a scholarship program (e.g., EdChoice, Autism Scholarship, Jon Peterson Special Needs Scholarship) and those participating in open enrollment are directly funded at their educating entity. This change eliminated the deduction and transfer of funds from resident school districts to educating entities for those students. As a result, school districts with large numbers of students who leave through choice options receive less State Education Aid without the inclusion of those students.

For purposes of determining the State share of the base cost of core foundation funding under the State Budget Act, an overall base cost is calculated for each school district using formulas to create estimated base costs of (i) direct classroom instruction, (ii) instructional and student support, (iii) school district leadership and accountability, (iv) building leadership and operations and (v) an athletic co-curricular activities. The school district’s calculated base cost is then to be

allocated between a State share and a school district share based on the school district's "per-pupil local capacity" which is a function of its ad valorem property tax valuation per-pupil and measures of income wealth in the school district. The State share for school districts with lower ad valorem property tax valuations per pupil and/or lower income wealth per-pupil is larger. However, in no case is the State share of the school district's calculated base cost less than five percent.

Under the core foundation funding formula, in addition to the State share described above, school districts may also receive, as applicable, State Education Aid in the form of (i) targeted assistance based on relative tax valuation and income factors and student population, (ii) a weighted amount based on six categories of disabilities for special education and related services, (iii) supplemental disadvantaged pupil impact aid based on the relative proportion of a school district's students identified as economically disadvantaged, (iv) a weighted amount for each of three English learner categories, (v) gifted funds for identification, referral, professional development, coordinators and intervention specialists, (vi) a weighted amount for each of five career-technical categories and (vii) a weighted amount for career-technical education associated services. The amount of a school district's State Education Aid in the form of special education, English learner, gifted and career-technical education funding is generally to be determined in the same manner as its State share of the school district's base cost.

There can be no assurance concerning future funding levels or systems or formulae for allocation of State Education Aid or full implementation of the FSFP (the State Budget Bill did not provide for the FSFP's contemplated six-year phase-in for funding, addressing funding only in Fiscal Years 2022 and 2023). Funding has also been subject to adjustment during a biennium. As indicated above, the General Assembly has the power to modify the system of State school funding and has often exercised that authority. The School District cannot predict whether, when or in what form any future system of State school funding will be enacted into law.

The following table presents certain information concerning State Education Aid payments to the School District under the various State funding systems and formulae in place for the Fiscal Years indicated.

| Fiscal Year | State Education Aid | State Education Aid as a % of General Operating Funds Total Revenues and Other Financing Sources(a) | State Education Aid as a % of General Operating Funds Total Expenditures and Other Financing Uses(a) |
|--------------------|----------------------------|--|---|
| 2018 | \$14,434,053 | 69.42% | 69.69% |
| 2019 | 14,685,351 | 69.26 | 69.23 |
| 2020(b) | 14,529,796 | 68.37 | 67.32 |
| 2021(b) | 14,402,842 | 67.51 | 67.65 |
| 2022(b)(c) | 13,432,604 | 66.50 | 67.71 |

(a) See **Appendix A** for details regarding revenues and expenditures.

(b) See **COVID-19 Pandemic**.

(c) Reflects changes in distribution of State Education Aid under the State Budget Act, resulting in students being funded where they are educated instead of where they live. See discussion of the State Budget Act above and **Appendix A**.

See **Appendix A** and the Fiscal Year 2022 Financial Statements for further information regarding other revenue sources for the General Fund and other operating funds.

Casino Tax Revenues

In Fiscal Year 2013, the School District began receiving revenues from a tax on casino revenues imposed by the State pursuant to a vote of the electors of the State authorizing the constitutional amendment permitting four casinos to be constructed and operated in the cities of Cincinnati, Cleveland, Columbus, and Toledo.

Of the revenues from that tax, 34% are allocated to school districts in the State under a formula related to the number of pupils. The School District's shares of the proceeds of that tax, established by the constitutional amendment, were as follows in Fiscal Year 2021 and other recent Fiscal Years:

| Fiscal Year | Amount |
|------------------------|---------------|
| 2018 | \$ 93,874 |
| 2019 | 94,301 |
| 2020 | 95,235 |
| 2021(a) | 71,000 |
| 2022 | 105,659 |

(a) Decrease reflects the impact on casino operations of the COVID-19 Pandemic. See **COVID-19 Pandemic**.

SCHOOL DISTRICT DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt such as the Bonds, applicable debt and ad valorem property tax limitations, and outstanding bond and note indebtedness and certain other long-term financial obligations of the School District as of June 30, 2022.

All references to the School District's outstanding debt in this Annual Information Filing exclude accretions to the value of any capital appreciation bonds.

As used in the discussions that follow, the term "BANs" refers to notes issued in anticipation of the issuance of general obligation bonds.

The School District is not, and to the knowledge of current School District officials has not in at least the last 25 years been, in default in the payment of debt charges on any of the bonds or notes on which the School District was or is an obligor.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for the School District's general obligation debt.

Voted Bonds. The basic security for voted School District general obligation bonds is the authorization by the electors for the Board to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the Board. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles,

whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

As of June 30, 2022, the School District had \$9,980,000 of voted general obligation bonds outstanding.

Unvoted Bonds. The basic security for the limited amount of School District unvoted general obligation bonds (see **Statutory Direct Debt Limitations**) is the Board's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Board, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the School District and all overlapping taxing subdivisions.

As of June 30, 2022, the School District had \$140,000 unvoted general obligation bonds outstanding.

BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the School District, or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

As of June 30, 2022, the School District had no outstanding BANs.

Statutory Direct Debt Limitations

The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation, applicable to all school districts, including the School District.

- The net principal amount of both voted and unvoted debt of the School District, excluding "exempt debt" (discussed below), may not exceed 9% of the total tax (assessed) valuation of all property in the School District as listed and assessed for taxation. As of June 30, 2022, a portion (\$9,980,000) of the School District's outstanding general obligation debt was subject to this limitation.
- The net principal amount of unvoted debt of the School District, excluding exempt debt, may not exceed 1% of that valuation, as discussed below. As of June 30, 2022,

none of the School District's outstanding general obligation debt was subject to this limitation.

These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

The School District's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **Indirect Debt and Unvoted Property Tax Limitations**.

As stated above, the Revised Code provides as a general limitation that the net principal amount of general obligation debt of a school district incurred without a vote of the electors may not exceed 1% of the school district's total tax valuation. As of June 30, 2022, the District had \$140,000 of outstanding unvoted debt subject to this limitation. A further general limitation, from which certain energy conservation and exempt debt (discussed below) may be excluded, is 1/10th of 1% of its total tax valuation. As of June 30, 2022, the School District had no outstanding unvoted debt subject to this limitation. School districts may issue unvoted general obligation debt and other debt under certain circumstances for energy conservation programs, which general obligation debt may not exceed 9/10ths of 1% of the school district's tax valuation. As of June 30, 2022, the School District had no unvoted debt subject to that limitation. Debt charges on any unvoted debt, unless paid from other sources, must be paid from the millage levied within the ten-mill limitation, resulting in a reduction in money available for operating expenses.

Certain debt that the School District may issue is exempt from the 9%, 1/10th of 1%, 9/10ths of 1% and 1% direct debt limitations (exempt debt). Exempt debt includes, without limitation, current tax revenue anticipation notes, tax anticipation notes, securities issued to pay final judgments or court-approved settlements, securities issued to acquire school buses and other equipment used in transporting pupils, securities evidencing State solvency assistance loans, certain securities issued to acquire computers and related hardware and certain unvoted securities issued a school district's share of the basic project cost and any additional funds necessary to participate in a cooperative project with the Ohio Facilities Construction Commission (the Commission) under Chapter 3318 of the Revised Code that are secured by a pledge of proceeds of a school district income tax or a voted property tax levy. In addition, under divisions (D)(2) and (I) of Section 133.06 of the Revised Code, voted general obligation debt issued as "approved special needs district" debt and debt issued solely to raise (i) a school district's share of the basic project cost necessary to participate in a cooperative project with the Commission under Chapter 3318 of the Revised Code, (ii) the cost of items designated by that Commission as required locally funded initiatives in connection with such a project, (iii) the cost of other related locally funded initiatives in an amount that does not exceed 50% of the district's portion of the basic project cost, and (iv) the cost of acquiring sites for such a project, is exempt from the 9% direct debt limitation to the extent that it, together with other debt outstanding at the time of issuance, exceeds that limitation.

As of June 30, 2022, the School District had \$140,000 of outstanding unvoted general obligation debt issued pursuant to Section 3313.372(C) of the Revised Code that was exempt from the 9%, 1/10th of 1% and 9/10ths of 1% limits.

BANs issued in anticipation of exempt bonds also are exempt debt.

In the calculation of debt subject to the direct debt limitations, the amount in a school district's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in its Bond Retirement Fund, and based on its then outstanding debt and its then current tax (assessed) valuation, the School District's voted and unvoted nonexempt debt capacities as of June 30, 2022, were:

| Limitation(a) | Nonexempt Debt Outstanding | Additional Debt Capacity Within Limitation |
|----------------------|---|---|
| 9% = \$17,900,901 | \$ 9,980,000 | \$ 7,929,901 |
| .1% = \$ 198,898 | \$ 0 | \$ 198,898 |
| .9% = \$ 1,790,090 | \$ 0 | \$ 1,790,090 |
| 1% = \$ 1,988,989 | \$ 140,000 | \$ 1,848,989 |

(a) The School District's then current tax (assessed) valuation for purposes of determining its direct debt limitations was \$198,898,910.

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the School District if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the School District without a vote of the electors, but subject to the 1% and 1/10th and 9/10ths of 1% limitations discussed above, unless it is exempt debt. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued), and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the School District resulting in the highest tax required for such debt charges, in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by *all* overlapping taxing subdivisions without a vote of the electors. The 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the Counties, including the School District. For collection years 2021 and 2022, the entire 10 mills (or less in some instances) was levied by a combination of the School District and certain taxing subdivisions overlapping the School District. For collection years 2021 and 2022, the allocations of the ten-mills (sometimes referred to as the "inside millage") in the various portions of the School District, which have remained constant for at least the last five years, were as follows:

| School District | Crawford County | Jefferson Township | Polk Township | Galion City | Total |
|-----------------|-----------------|--------------------|---------------|-------------|-------|
| 3.90 | 2.20 | 2.20 | | | 8.30 |
| 3.90 | 2.20 | | 3.60 | | 9.70 |
| 3.90 | 2.20 | | | 3.90 | 10.00 |

| School District | Richland County | Sandusky Township | Galion City | Total |
|-----------------|-----------------|-------------------|-------------|-------|
| 3.90 | 2.00 | 2.60 | | 8.50 |
| 3.90 | 2.00 | | 3.90 | 9.80 |

| School District | Morrow County | North Bloomfield Township | Total |
|-----------------|---------------|---------------------------|-------|
| 3.90 | 3.20 | 1.20 | 8.30 |

Because the School District is restricted in the amount of unvoted debt it can issue, the major impact of the indirect debt limitation generally results from the ability of overlapping political subdivisions to issue unvoted general obligation debt amounts that require unvoted taxes for the payment of debt charges on that debt to be levied at a rate in excess of the rates within the ten-mill limitation allocated by statutory formula to the subdivisions. The result of a subdivision having to draw on millage to pay debt charges in an amount exceeding its allocated rate within the ten-mill limitation would be to reduce the millage within the ten-mill limitation available to the overlapping subdivisions, including the inside millage then levied by the Board for operating purposes.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. A law applicable to all Ohio cities and villages, however, requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on the municipality's unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the estimate of highest annual debt charges for the anticipated bonds is used to calculate the millage required.

As of June 30, 2022, the highest requirement for debt charges in any calendar year for all then outstanding unvoted general obligation bonds of the School District subject to the ten-mill limitation was \$39,463 in 2023. The payment of those annual debt charges would have required a levy of an estimated 0.1984 of a mill based on the School District's assessed valuation as June 30, 2022, which could have been met from the amounts produced by the millage currently levied for all purposes by the School District within the ten-mill limitation.

As of June 30, 2022, the total millage theoretically required by the School District, the City, the County and Jefferson Township (the combination of overlapping taxing subdivisions that had issued unvoted general obligation debt that remained outstanding on that date having the highest such total millage requirements) for debt charges on their outstanding unvoted general obligation debt was estimated to be 3.7247 mills for calendar year 2023, the year of the highest potential debt charges requirements. There thus remained 6.2753 mills within the ten-mill

limitation that had yet to be allocated to debt charges and that were available to the School District and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Debt Outstanding

The Debt Tables attached provide information concerning the School District's outstanding debt represented by bonds and notes, School District and overlapping subdivisions general obligation debt allocations, projected debt charges on the School District's general obligation debt and the School District's outstanding general obligation bonds, all as of June 30, 2022. See **Debt Tables**.

The following shows the principal amount of School District general obligation debt outstanding as of June 30 in the indicated years:

| Year | Voted | Unvoted | Total |
|------|--------------|-----------|--------------|
| 2018 | \$12,715,000 | \$290,000 | \$13,005,000 |
| 2019 | 11,875,000 | 250,000 | 12,125,000 |
| 2020 | 11,110,000 | 210,000 | 11,320,000 |
| 2021 | 10,755,000 | 175,000 | 10,930,000 |
| 2022 | 9,980,000 | 140,000 | 10,120,000 |

Bond Retirement Fund

The School District's Bond Retirement Fund is the fund from which it pays debt charges on its general obligation debt and into which money required to be applied to those payments is deposited. The following table is an unaudited summary of Bond Retirement Fund cash basis receipts and disbursements (excluding proceeds of renewal or refunding obligations) and balances for Fiscal Year 2022 and other recent Fiscal Years.

| Fiscal Year | Receipts(a) | Disbursements(a) | June 30 Balance |
|-------------|----------------|------------------|-----------------|
| 2018 | \$1,299,486(b) | \$1,296,344 | \$1,297,979 |
| 2019 | 1,421,260 | 1,288,881 | 1,430,358 |
| 2020 | 1,431,157 | 1,290,695 | 1,570,820 |
| 2021 | 1,388,282 | 1,298,887 | 1,660,215 |
| 2022 | 1,537,026 | 1,284,180 | 1,913,061 |

(a) Receipts and disbursements include interest subsidy payments received from the federal government related to "Qualified School Construction Bonds" (QSCBs) issued by the School District in 2010. See **Federal Direct Payments and Sequestration, Debt Table C** and footnote (b) to that Debt Table.

(b) This amount does not reflect the prior year adjustment referred to in footnote (b), which was recorded in the School District's financial system as additional receipts in Fiscal Year 2018.

Special Obligation Debt

As discussed below, a school district may incur special obligation debt that is payable solely from certain anticipated tax revenues or other revenues and not secured by a pledge of the school district's full faith and credit or general taxing power. Special obligation debt is not subject to either the statutory direct debt limitations or to the indirect debt and property tax limitations.

Permanent Improvement Tax Anticipation Notes

A school district may issue notes in anticipation of revenues from a voted permanent improvement tax levy to pay costs of permanent improvements. These notes (TANs) are payable solely from the proceeds of the property tax revenues anticipated. As of June 30, 2022, the School District had no such TANs outstanding.

Cash Flow Financings

A school district may issue special obligation debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

The School District did not have any such debt outstanding as of June 30, 2022, or at any time during Fiscal Year 2022.

Lease-Purchase Obligations

The Revised Code provides that school districts may enter into “lease purchase agreements” to finance certain permanent improvements, such as land acquisition, office equipment, motor vehicles and facilities and improvements to facilities for school district purposes. The payments under the lease purchase agreements usually include principal and interest components, and the rights to receive those payments are sometimes securitized, marketed and sold in the form of certificates of participation. A school district’s payment obligations under a lease purchase agreement (lease purchase obligations) are subject to the annual appropriation of available funds for that purpose by the school district’s board. The lease purchase obligations and related certificates of participation do not constitute debt and are thus not subject to either the direct or indirect debt limitations.

In October 2018, the School District entered into a lease-purchase agreement providing \$2,045,000 to pay costs of a new bus garage complex and athletic fields. As of June 30, 2022, the remaining scheduled lease payments, all computed on the basis of interest at a rate of 3.32% per year, were payable in semi-annual installments on each June 1 and December 1 in Fiscal Years 2022 through 2028 and were in aggregate annual amounts ranging from \$240,809 in Fiscal Year 2022 to \$243,366 in 2025. The School District’s obligations under the agreement are subject to annual renewal for an additional one-year term commencing on July 1 and to the availability and appropriation of funds for the lease payments due during that renewal term. The scheduled lease-purchase payments are made from the School District’s permanent improvement fund. The final scheduled lease payment is to be made on December 1, 2028.

Other Long-Term Financial Obligations

The School District had the following other long-term obligations outstanding:

- Retirement obligations and net pension and other post-employment benefit (“OPEB”) liabilities described under **Retirement Expenses** and in Notes 13 and 14 to the Fiscal Year 2022 Financial Statements.
- Compensated absences obligations identified in Notes 11 and 15 to the Fiscal Year 2022 Financial Statements.

As of June 30, 2022, the School District had no long-term financial obligations other than those described herein.

Federal Direct Payments and Sequestration

The School District has been receiving, and expects to continue to receive, interest payment subsidy payments from the federal government because its \$566,014 Energy Construction Improvement Bonds, Series 2010 (Federally Taxable – Qualified School Construction Bonds – Direct Payment) (the Series 2010 Bonds) were issued as “direct payment” qualified tax credit bonds for federal income tax purposes. The federal subsidy payments allocable to interest payments relating to qualified tax credit bonds received and expected to be received from the federal government (commonly referred to as Direct Payments) have been and continue to be subject to change, including being reduced as a result of so-called “sequestration.” In March 2013, sequestration cuts to the federal budget, mandated by the Budget Control Act of 2011, were ordered, some of which directly reduced Direct Payments the federal government makes to issuers of qualified tax credit bonds such as the Series 2010 Bonds.

The sequestration cuts resulted in an 8.7% reduction in the federal Direct Payments from March 2013, until September 30, 2013. Subsequently, the Internal Revenue Service announced that the sequestration reductions in federal Direct Payments would continue and that the percentage reduction through September 30, 2014 would be 7.2%, the percentage reduction through September 30, 2015 would be 7.3%, the percentage reduction through September 30, 2016 would be 6.8%, the percentage reduction through September 30, 2017 would be 6.9%, the percentage reduction through September 30, 2018 would be 6.6%, the percentage reduction through September 30, 2019 would be 6.2%, the percentage reduction through September 30, 2020 would be 5.9% and the percentage reduction through September 30, 2030 would be 5.7%.

The School District has been advised that the sequestration reductions in the federal Direct Payments are expected to continue through September 30, 2024. The School District cannot predict to what extent subsequent federal Direct Payments anticipated to be received by the School District with respect to interest payments on the Series 2010 Bonds may be affected by sequestration or other federal actions. The School District expects to use money in its General Fund transferred to and then expended from its Bond Retirement Fund to make up for any continuing or additional shortfalls in federal Direct Payments.

Retirement Expenses

Present and retired employees of the School District are covered under two statewide public employee retirement (including disability retirement) systems. The State Teachers Retirement System (“STRS”) covers all teachers, principals, supervisors and administrators who are required to hold a certificate issued by the State Department of Education. Other eligible full-time employees are covered by the School Employees Retirement System (“SERS”).

STRS and SERS are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform bills intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. Those bills applicable to STRS and SERS became effective on January 7, 2013.

The law applicable to STRS has provided for (a) no change in the School District’s contribution rate with respect to its employees’ earnable salaries and (b) increases in the STRS employees’ contribution rate from 10% to 14% in annual increments of 1% that became effective in July in each of the years from 2013 through 2016. Among other changes and with certain transition provisions for current employees, the minimum age and service requirements for eligibility for

retirement and disability benefits have been increased, the calculation of an employee's final average salary on which pension benefits are based has been revised to include the five highest years (rather than the three highest years), STRS pension benefits are being calculated on a lower, fixed formula and provisions with respect to future annual cost-of-living adjustments have been changed to reduce those adjustments to 2% (from 3%). The STRS board has also been provided with authority to make future adjustments to the member contribution rate, retirement age and service requirements, and cost-of-living adjustments as the need or opportunity arises, and depending on the funding progress. Under current law, STRS has a maximum 30-year period to amortize its unfunded accrued pension liability. According to STRS's most recent Actuarial Valuation and Review (dated as of July 1, 2022), STRS's actuarial consultant projected that the period required to fully amortize STRS's actuarial unfunded accrued liability is 11.5 years.

The law applicable to SERS has provided for no change to the School District's or SERS employees' contribution rates, future cost-of-living adjustments or the calculation of an employee's final average salary on which pension benefits (the average of the three highest years). However, among other changes and with certain transition provisions for current employees, the minimum age and service requirements for eligibility for retirement and disability benefits were increased and provisions for disability benefits and service credit purchases were revised.

In Fiscal Year 2022, employees covered by STRS contributed at a statutory rate of 14% of earnable compensation, and employees covered by SERS contributed at a statutory rate of 10% of earnable compensation. As the employer, the School District's statutory contribution rate for all of those employees was 14% of the same base. These employee and employer contribution rates were the maximums permitted under current State law.

As of Fiscal Year 2022, the School District had the net pension and OPEB liabilities reported and explained in Notes 13 and 14 to the Fiscal Year 2022 Financial Statements.

For further information on STRS and SERS and their pension plans, see the Notes to the Fiscal Year 2022 Financial Statements. Financial and other information for STRS and SERS can also be found on the respective website for each retirement system including its Comprehensive Annual Financial Report.

Federal law requires School District employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, School District employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. STRS and SERS are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

DEBT TABLE A

Principal Amounts of Outstanding General Obligation (GO) Debt; Leeway for Additional Debt Within Direct Debt Limitations(a) (As of June 30, 2022)

| | | | | | |
|----|---|---------------------|-------------------------------|--------------------------------|---------------|
| A. | Total debt including the Bonds: | | | | \$10,120,000 |
| B. | Exempt debt: | | | | |
| | Energy conservation improvement bonds issued pursuant to Revised Code Section 3313.372(C) (b) | \$ 140,000 | | | \$ 140,000 |
| C. | Total nonexempt debt [A minus B]: | | | | \$ 9,980,000 |
| D. | Unvoted debt limitations: | 1% of tax valuation | 1/10th of 1% of tax valuation | 9/10ths of 1% of tax valuation | |
| | | \$1,988,989 | \$ 198,898 | | \$ 1,790,090 |
| E. | Total nonexempt limited tax bonds and notes outstanding: | | | | |
| | Bonds | \$ 140,000(b) | \$ 0 | | \$ 0 |
| | Notes | \$ 0 | \$ 0 | | \$ 0 |
| F. | Debt leeway within unvoted debt limitations [D minus E]: | \$1,848,989* | \$ 198,898* | | \$ 1,790,090* |
| G. | 9% of tax valuation (voted and unvoted debt limitation): | | | | \$17,900,901 |
| H. | Total nonexempt bonds and notes outstanding: | | | | |
| | Bonds | | | | |
| | Notes | | \$ 9,980,000 | | \$ 9,980,000 |
| | | | \$ 0 | | |
| I. | Debt leeway within 9% debt limitation [G minus H]: | | | | \$ 7,920,901* |

* Debt leeway in this table determined without considering moneys in the Bond Retirement Fund.

(a) The School District's then current tax valuation for purposes of determining its direct debt limitations was \$198,898,910. See **School District Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations**.

(b) This debt is exempt from the 9%, 9/10^{ths} of 1% and 1/10th of 1% limitations, but subject to the 1% limitation.

DEBT TABLE B

Various School District and Overlapping GO Debt Allocations (Principal Amounts) (as of June 30, 2022)

| | Amount | Per Capita(a) | % of School District's Current Assessed Valuation(b) |
|---|--------------|---------------|---|
| School District Nonexempt GO Debt | \$ 9,980,000 | \$ 756.81 | 5.01% |
| Total School District GO Debt (exempt and nonexempt) | 10,120,000 | 767.42 | 5.08 |
| Highest Total Overlapping GO Debt(c) | 13,442,166 | 1,019.35 | 6.75 |

(a) Based on 2010 (estimated for School District) population of 13,187.

(b) The School District's assessed valuation as of June 30, 2022, was \$198,898,910.

(c) Includes, in addition to "Total School District GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of June 30, 2022) resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within the School District (% figures are resulting percent of total debt of subdivisions allocated to the School District in this manner), as follows:

\$ 606,652 County (20.47%);
\$2,602,091 City (99.85%); and
\$ 113,423 Polk Township (100.00%).

Allocation of GO debt of the remaining overlapping debt issuing subdivisions is as follows:

\$23,044 of Morrow County (0.56%);
\$64,358 of Richland County (0.28%); and
\$33,440 of Jefferson Township (16.72%).

Sources of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC* and the Crawford County Auditor.

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C
Debt Charges Requirements on Outstanding GO Debt
(based on Debt Outstanding as of June 30, 2022)

| Calendar Year | Total | Anticipated To be Paid from | | |
|------------------|----------------|-------------------------------|--------------------------------|-------------------------------|
| | | Unlimited Ad Valorem Taxes | Limited Ad Valorem Taxes(b) | QSCB Direct Payments(c)(d) |
| 2022(a) | \$1,097,194.38 | \$1,059,219.38 | \$35,000.00 | \$2,975.00 |
| 2023 | 1,252,407.50 | 1,212,945.00 | 35,000.00 | 4,462.50 |
| 2024 | 1,247,807.50 | 1,209,832.50 | 35,000.00 | 2,975.00 |
| 2025 | 1,252,500.00 | 1,216,012.50 | 35,000.00 | 1,487.50 |
| 2026 | 1,214,781.25 | 1,214,781.25 | 0.00 | 0.00 |
| 2027 | 1,216,993.75 | 1,216,993.75 | 0.00 | 0.00 |
| 2028 | 1,214,550.00 | 1,214,550.00 | 0.00 | 0.00 |
| 2029 | 1,220,000.00 | 1,220,000.00 | 0.00 | 0.00 |
| 2030 | 1,211,600.00 | 1,211,600.00 | 0.00 | 0.00 |
| 2031 | 1,216,800.00 | 1,216,800.00 | 0.00 | 0.00 |

(a) Excluding interest paid prior to June 30, 2022.

(b) These taxes are anticipated to be available for the purpose as a result of energy savings achieved due to energy conservation improvements financed by the bonds on which the debt charges are payable.

(c) Current Ohio law gives Ohio school districts, such as the School District, broad discretion regarding the application of the payments shown in this column, which payments need not be used for the payment of debt charges. This column assumes all QSCB Direct Payments are applied to debt charges.

(d) See **Federal Direct Payments and Sequestration**.

DEBT TABLE D

Outstanding GO Bonds (as of June 30, 2022)

The following debt is reflected in **Debt Tables A, B and C**.

| Issue | Date of Issuance | Final Maturity | Original Principal Amount | Outstanding Principal Amount |
|---|------------------|----------------|---------------------------|------------------------------|
| Energy Conservation Improvement Bonds, Series 2010(a) | November 9, 2010 | 2025 | \$ 566,044 | \$ 140,000 |
| School Improvement Refunding Bonds, Series 2013(b) | June 13, 2013 | 2028 | 9,300,000 | 4,845,000 |
| School Improvement Refunding Bonds, Series 2014(b) | May 7, 2014 | 2031 | 6,900,000 | 5,135,000 |

(a) Unvoted general obligation bonds.

(b) Voted general obligation bonds.

APPENDIX A
Historical Cash Basis Revenues and Expenditures
General Funds
Fiscal Years 2018 through 2022(Unaudited)(a)

Except as described in footnotes (a) through (e), the figures in the table below have been taken from the School District's Five-Year Forecasts as reported to the State as required by Section 5705.391 of the Revised Code (the most recent of which was last updated in November 2022).

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---------------------------|------------------------|------------------------|------------------------|------------------------|
| Revenue: | | | | | |
| General Property Tax (Real Estate) | \$ 4,192,313 | \$ 4,233,777 | \$ 4,337,988 | \$ 4,286,599 | \$ 4,568,986 |
| Public Utility Tangible Personal Property Tax | 237,028(c) | 220,959 | 246,736 | 225,846 | 380,055 |
| Unrestricted Grants-in-Aid(e) | 13,715,183 | 13,946,709 | 13,780,832 | 13,738,579 | 12,423,316 |
| Restricted Grants-in-Aid(e) | 718,870 | 738,642 | 748,964 | 664,263 | 1,009,288 |
| Property Tax Allocation | 668,033(c) | 689,620 | 676,846 | 674,598 | 662,606 |
| All Other Revenues(f) | 1,275,744 | 1,370,221 | 1,457,969 | 1,446,646 | 1,077,548 |
| Total Revenues | \$20,807,171 | \$21,199,928 | \$21,249,335 | \$21,036,531 | \$20,121,799 |
| Other Financing Sources: | | | | | |
| Operating Transfers-In | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Advances-In | 0 | 0 | 0 | 0 | 0 |
| All Other Financing Sources | 47,508 | 1,793 | 0 | 298,143 | 77,378 |
| Total Other Financing Sources | 47,508 | 1,793 | 0 | 298,143 | 77,378 |
| Total Revenues and Other Financing Sources | \$20,854,679 | \$21,201,721 | \$21,249,335 | \$21,334,674 | \$20,199,177 |
| Expenditures: | | | | | |
| Personnel Services | \$ 9,277,765 | \$ 9,594,873 | \$ 9,887,462 | \$ 9,876,960 | \$ 9,934,155 |
| Employees' Retirement/Insurance Benefits | 4,502,450 | 4,683,881 | 4,779,834 | 4,676,656 | 4,745,267 |
| Purchased Services(f) | 5,504,208 | 5,600,218 | 5,357,177 | 5,484,978 | 4,066,048 |
| Supplies and Materials | 961,535 | 995,965 | 884,198 | 378,969 | 403,911 |
| Capital Outlay | 68,388 | 5,750 | 55,363 | 0 | 62,000 |
| Other Objects | 191,754 | 195,742 | 178,996 | 171,851 | 194,862 |
| Total Expenditures | \$20,506,099 | \$21,076,429 | \$21,143,030 | \$20,589,414 | \$19,406,243 |
| Other Financing Uses | | | | | |
| Operating Transfers-Out | \$ 204,659 | \$ 135,489 | \$ 438,225 | \$ 700,441 | \$ 619,878 |
| Advances-Out | 0 | 0 | 0 | 0 | 0 |
| All Other Financing Uses | 0 | 0 | 0 | 0 | 0 |
| Total Other Financing Uses | 204,659 | 135,489 | 438,225 | 700,441 | 619,878 |
| Total Expenditures and Other Financing Uses | \$20,710,758 | \$21,211,918 | \$21,581,255 | \$21,289,855 | \$20,026,121 |
| Excess of Rev & Other Financing Sources over (under) Expenditures and Other Financing Uses | \$ 143,921(c) | \$ (10,197) | \$ (331,920) | \$ 44,819 | \$ 173,056 |
| Cash Balance July 1 - Excl Proposed Renewal/ Replacement and New Levies | \$ 4,562,711(b)(d) | \$ 4,706,652(d) | \$ 4,696,455(d) | \$ 4,364,535(d) | \$ 4,409,354(d) |
| Cash Balance June 30 | \$ 4,706,633(d) | \$ 4,696,455(d) | \$ 4,364,535(d) | \$ 4,409,354(d) | \$ 4,582,410(d) |

(a) See **COVID-19 Pandemic**.

(b) Amounts reflect a further downward audit adjustment from those shown in the School District's Five-Year Forecasts to reflect proper crediting of \$34,795 of reimbursement payments from the State to account for the loss of property tax revenue to the Bond Retirement Fund rather than the General Fund where it was originally posted in Fiscal Year 2017. That adjustment was not actually made in the School District's financial system until Fiscal Year 2018.

(c) Amounts have been adjusted upward from those shown in the School District's Five-Year Forecasts to reflect that the downward adjustments described in footnotes (b) and (c) above for Fiscal Years 2016 and 2017 were made in those Fiscal Years rather than when posted by the School District in Fiscal Year 2018. Therefore, Fiscal Year 2018 tangible personal property tax and property tax allocation revenues have been adjusted upward by \$26,642 and \$34,795, respectively, from those shown in the School District's Five-Year Forecasts.

(d) These cash balances have been adjusted upward from those shown on the School District's Five-Year Forecasts by approximately \$19 to agree with those shown on its accounting system. The difference is due to the accumulative effect of rounding over the years.

(e) Increase in "Restricted Grants-in-Aid" is due primarily to an adjustment in State reporting standards, commencing in Fiscal Year 2022, that receipt of certain State Education Aid, including but not limited to, Disadvantaged Pupil Impact Aid, Career Technical, Gifted Students, English Learners and Student Wellness and Success funding, to be reflected in "Restricted Grants-in-Aid" instead of in "Unrestricted Grants-in-Aid," as was the case in prior Fiscal Years; "Unrestricted Grants-in-Aid" amounts also reflect a correlated decrease.

(f) Until Fiscal Year 2022, State funding relating to open enrollment, charter schools and certain scholarship programs was provided to the School District (included under "All Other Revenues"), then diverted directly to the receiving institution (reflected in "Purchased Services"). Due to changes in state school funding in the State Budget Act, beginning in Fiscal Year 2022, the State now pays those funds directly to the educating institution and they are no longer reflected in the School District's Five-Year Forecast. See **State School Funding System**.

APPENDIX B

Financial Report (Cash Basis All-Funds Summary) for Fiscal Year 2022(a)(b)

| Description | Beginning Balance | Receipts | Expenditures | Ending Balance |
|--|--------------------------|------------------------|------------------------|--------------------------|
| General | \$4,409,350.41 | \$20,199,177.33 | \$20,026,122.16 | \$4,582,405.58 |
| Bond Retirement | 1,660,215.40 | 1,537,025.76 | 1,284,180.31 | 1,913,060.85 |
| Permanent Improvement | 1,261,356.35 | 614,792.59 | 507,171.80 | 1,368,977.14 |
| Building | 130,097.82 | 0.00 | 130,097.82 | 0.00 |
| Food Service | 270,270.96 | 1,334,636.95 | 1,064,191.52 | 540,716.39 |
| Special Trust | 31,288.39 | 1,808.30 | 33,096.69 | 0.00 |
| Endowment | 236,783.02 | (4,328.63) | 0.00 | 232,454.39 |
| Public School Support | 26,938.44 | 21,637.38 | 31,683.31 | 16,892.51 |
| Other Grants | 28,795.95 | 200.00 | 10,306.69 | 18,689.26 |
| District Agency | 2,053.13 | 17,150.09 | 8,042.87 | 11,160.35 |
| Classroom Facilities Maintenance | 359,825.02 | 134,947.66 | 79,495.79 | 415,276.89 |
| Termination Benefits – HB426 | 362,469.31 | 50,000.00 | 31,427.33 | 381,041.98 |
| Student Managed Activity | 64,264.76 | 69,706.80 | 62,813.74 | 71,157.82 |
| District Managed Activity | 15,000.49 | 187,124.10 | 160,209.83 | 41,914.76 |
| Auxiliary Services | 1,602.65 | 55,783.43 | 42,714.66 | 14,671.42 |
| Public School Preschool | 0.00 | 88,000.00 | 88,000.00 | 0.00 |
| Data Communications | 0.00 | 7,200.00 | 7,200.00 | 0.00 |
| Vocational Educational Enhancements | 0.00 | 4,625.21 | 4,625.21 | 0.00 |
| Student Wellness and Success | 195,308.52 | 0.00 | 191,309.95 | 3,998.57 |
| ESSER | (268,810.80) | 2,353,981.66 | 2,162,961.84 | (77,790.98) |
| IDEA Part B Grants | 0.00 | 552,919.79 | 552,919.79 | 0.00 |
| Title I Disadvantaged Children(c) | (80,739.73) | 763,252.85 | 723,092.58 | (40,579.46) |
| Student Support and Academic Enrichment Grant | 0.00 | 27,318.81 | 40,542.80 | (13,223.99) |
| IDEA Preschool Handicapped | 0.00 | 13,358.28 | 13,358.28 | 0.00 |
| Improving Teacher Quality | 0.00 | 76,429.19 | 76,593.11 | (163.92) |
| Miscellaneous Fed Grants | 0.00 | 76,808.64 | 97,663.14 | (20,854.50) |
| Total All Funds | \$8,706,070.09(d) | \$28,183,556.19 | \$27,429,821.22 | \$9,459,805.06(d) |

(a) Figures may not foot due to rounding.

(b) See **COVID-19 Pandemic**.

(c) The Title I School Improvement A Fund has been consolidated into Title I Disadvantaged Children Fund. These two items are reported together by the School District.

(d) The School District's beginning and ending cash balances per this statement does not agree to its system balance due to the accumulative effect of rounding over the years. The difference is approximately \$20.