

GALION CITY SCHOOL DISTRICT CRAWFORD COUNTY, OHIO

Basic Financial Statements

**For the Fiscal Year Ended
June 30, 2024**

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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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, 2024 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, the budgetary comparison schedule, the schedules of net pension and other post-employment benefit assets and liabilities, and pension and other post-employment contributions, and the notes to the required supplementary information 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 12, 2024

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(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, 2024. 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 2024 are as follows:

- During fiscal year 2024, net position of governmental activities decreased \$1,970,350 which represents a 9.24% decrease from fiscal year 2023 net position.
- General revenues accounted for \$19,939,719 in revenue or 76.48% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$6,132,259 or 23.52% of total revenues of \$26,071,978.
- The District had \$28,042,328 in expenses related to governmental activities; \$6,132,259 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 \$19,939,719 were not adequate to provide for these programs.
- The District had two major governmental funds during fiscal year 2024, the general fund and the bond retirement fund. The general fund had \$21,089,956 in revenues and other financing sources and \$22,163,862 in expenditures and other financing uses. During fiscal year 2024, the general fund's fund balance decreased \$1,073,906 from a fund balance of \$6,737,129 to \$5,663,223.
- The bond retirement fund had \$1,347,221 in revenues and other financing sources and \$1,273,299 in expenditures. During fiscal year 2024, the bond retirement fund's fund balance increased \$73,922 from a fund balance of \$2,470,037 to \$2,543,959.

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 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 2024?" 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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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.

Reporting the District's Most Significant Funds

Fund Financial Statements

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's most significant funds. The District's major governmental funds are the general 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.

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.

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 budgetary schedule for the general fund, net pension liability, and net OPEB liability/asset.

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**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION 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 2024 and 2023.

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
<u>Assets</u>		
Current and other assets	\$17,855,670	\$ 18,411,641
Net OPEB asset	1,352,749	1,850,204
Capital assets, net	<u>37,599,571</u>	<u>39,340,471</u>
Total assets	<u>56,807,990</u>	<u>59,602,316</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges	208,803	242,587
Pension	3,861,601	4,825,282
OPEB	<u>867,652</u>	<u>567,105</u>
Total deferred outflows	<u>4,938,056</u>	<u>5,634,974</u>
<u>Liabilities</u>		
Current liabilities	2,528,402	2,271,735
Long-term liabilities:		
Due within one year	1,413,446	1,243,553
Due in more than one year:		
Net pension liability	19,222,084	20,002,973
Net OPEB liability	1,293,241	1,093,172
Other amounts	<u>10,264,019</u>	<u>11,207,677</u>
Total liabilities	<u>34,721,192</u>	<u>35,819,110</u>
<u>Deferred inflows of resources</u>		
Property taxes and PILOTS	3,868,625	3,291,182
Pension	1,589,078	1,934,836
OPEB	<u>2,202,598</u>	<u>2,857,259</u>
Total deferred inflows	<u>7,660,301</u>	<u>8,083,277</u>
<u>Net Position</u>		
Net investment in capital assets	27,537,696	28,415,488
Restricted	5,349,727	4,593,575
Unrestricted (deficit)	<u>(13,522,870)</u>	<u>(11,674,160)</u>
Total net position	<u>\$ 19,364,553</u>	<u>\$ 21,334,903</u>

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2024 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The 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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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, 2024, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$19,364,553.

At fiscal year-end, capital assets represented 66.19% 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, 2024 was \$27,537,696. 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.

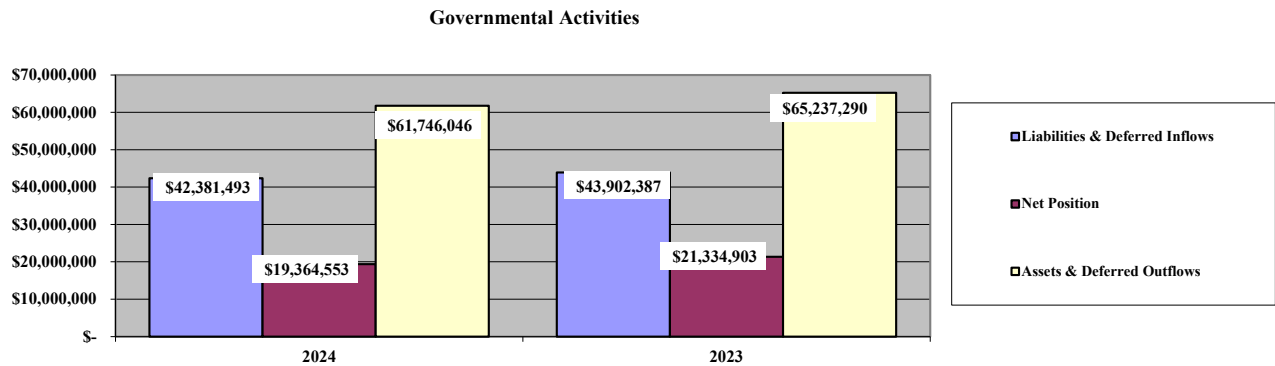
**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

A portion of the District's net position, \$5,349,727, 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 \$13,522,870.

The net pension liability decreased \$780,889 or 3.90% and deferred inflows of resources related to pension decreased \$345,758 or 17.87%. 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). Current and other assets decreased \$555,971 or 3.02% from 2023 due to a decrease in equity in pooled cash and investments. Additionally, net capital assets decreased because of the increase in accumulated depreciation for fiscal year 2024.

The graph below illustrates the District's total assets, deferred outflows, liabilities, deferred inflows and net position at June 30, 2024 and 2023.



The table below shows the change in net position for fiscal years 2024 and 2023.

	Change in Net Position	
	Governmental Activities 2024	Governmental Activities 2023
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 700,427	\$ 715,652
Operating grants and contributions	5,355,178	8,547,587
Capital grants and contributions	76,654	520,700
General revenues:		
Property taxes	6,047,841	5,928,560
Payment in lieu of taxes	3,000	3,000
Grants and entitlements	13,240,880	12,334,541
Investment earnings	276,284	147,781
Change in fair value of investments	119,905	(72,824)
Miscellaneous	251,809	174,874
Total revenues	<u>26,071,978</u>	<u>28,299,871</u>

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**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

	Change in Net Position	
	Governmental Activities 2024	Governmental Activities 2023
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 9,281,737	\$ 9,202,768
Special	5,645,380	5,370,705
Vocational	20,162	15,806
Support services:		
Pupil	1,868,084	1,715,254
Instructional staff	1,065,828	837,594
Board of education	100,294	97,400
Administration	2,042,978	1,794,179
Fiscal	640,109	571,672
Operations and maintenance	3,007,146	2,936,639
Pupil transportation	1,231,362	1,409,671
Central	186,426	185,442
Operation of non-instructional services	1,466,419	1,391,321
Extracurricular activities	1,174,638	1,007,614
Interest and fiscal charges	311,765	351,414
Total expenses	<u>28,042,328</u>	<u>26,887,479</u>
Change in net position	(1,970,350)	1,412,392
Net position at beginning of year	<u>21,334,903</u>	<u>19,922,511</u>
Net position at end of year	<u>\$ 19,364,553</u>	<u>\$ 21,334,903</u>

Governmental Activities

Net position of the District's governmental activities decreased \$1,970,350. Total governmental expenses of \$28,042,328 were offset by program revenues of \$6,132,259 and general revenues of \$19,939,719. Program revenues supported 21.87% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$1,154,849 or 4.30%. This increase is primarily due to increases in wages and benefits.

Capital grants and contributions decreased during the current fiscal year primarily due to the District receiving less capital grant monies throughout the year. Additionally, there was a drastic decrease of operating grants and contributions due to the District receiving substantially less in ESSER grant monies than the prior year.

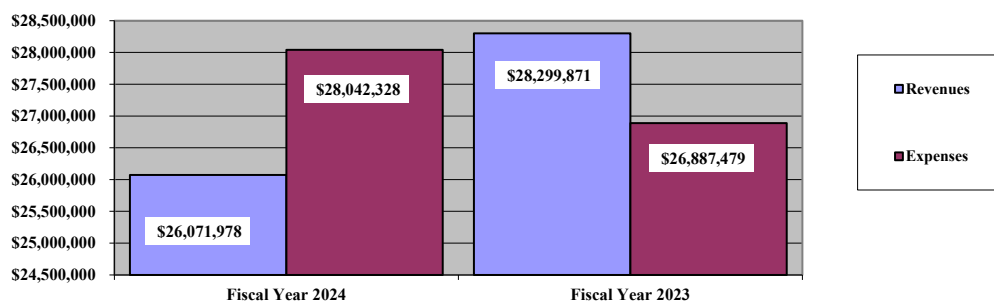
The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 73.98% of total governmental revenue. Real estate property is reappraised every six years.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2024 and 2023.

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

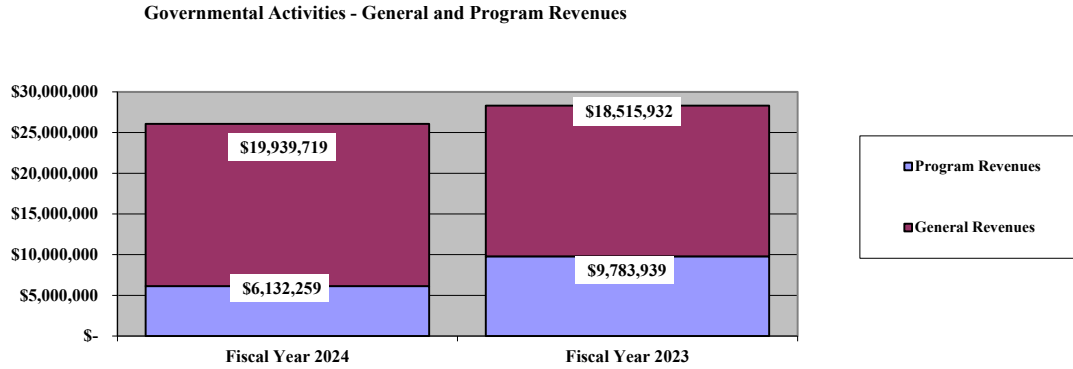
	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Program expenses:				
Instruction:				
Regular	\$ 9,281,737	\$ 9,128,186	\$ 9,202,768	\$ 5,391,726
Special	5,645,380	2,255,451	5,370,705	2,415,695
Vocational	20,162	20,162	15,806	15,806
Support services:				
Pupil	1,868,084	1,428,213	1,715,254	1,290,505
Instructional staff	1,065,828	921,591	837,594	745,668
Board of education	100,294	94,649	97,400	91,199
Administration	2,042,978	2,042,978	1,794,179	1,794,179
Fiscal	640,109	637,819	571,672	569,374
Operations and maintenance	3,007,146	2,924,738	2,936,639	2,442,399
Pupil transportation	1,231,362	1,007,644	1,409,671	1,176,782
Central	186,426	162,095	185,442	172,341
Operation of non-instructional services	1,466,419	205,865	1,391,321	106,444
Extracurricular activities	1,174,638	768,913	1,007,614	540,008
Interest and fiscal charges	311,765	311,765	351,414	351,414
Total expenses	<u>\$ 28,042,328</u>	<u>\$ 21,910,069</u>	<u>\$ 26,887,479</u>	<u>\$ 17,103,540</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 76.29% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.13%. The District's taxpayers and State unrestricted grants are by far the primary support for District students.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

The graph below presents the District's governmental activities revenue for fiscal years 2024 and 2023.



The District's Funds

The District's governmental funds reported a combined fund balance of \$10,541,940, which is lower than last year's total of \$12,149,336. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Increase (Decrease)
General	\$ 5,663,223	\$ 6,737,129	\$ (1,073,906)
Bond retirement	2,543,959	2,470,037	73,922
Other governmental	2,334,758	2,942,170	(607,412)
Total	<u>\$ 10,541,940</u>	<u>\$ 12,149,336</u>	<u>\$ (1,607,396)</u>

General Fund

The District's general fund's fund balance decreased \$1,073,906.

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

	2024 Amount	2023 Amount	Increase (Decrease)	Percentage Change
Revenues				
Property taxes	\$ 4,737,545	\$ 4,793,742	\$ (56,197)	(1.17) %
Intergovernmental	15,231,100	14,228,098	1,003,002	7.05 %
Investment earnings/change in fair value of investments	331,651	38,589	293,062	759.44 %
Tuition and fees	163,759	145,458	18,301	12.58 %
Other revenues	285,537	209,323	76,214	36.41 %
Total	<u>\$ 20,749,592</u>	<u>\$ 19,415,210</u>	<u>\$ 1,334,382</u>	6.87 %

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

The District's general fund revenues increased \$1,334,382 or 6.87% in fiscal year 2024. 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. All other revenues remained comparable to the prior fiscal year.

	<u>2024</u> <u>Amount</u>	<u>2023</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 12,583,271	\$ 8,721,927	\$ 3,861,344	44.27 %
Support services	8,143,997	7,819,810	324,187	4.15 %
Extracurricular activities	665,335	582,726	82,609	14.18 %
Capital outlay	340,364	111,071	229,293	100.00 %
Debt service	36,161	3,994	32,167	805.38 %
Total	<u>\$ 21,769,128</u>	<u>\$ 17,239,528</u>	<u>\$ 4,529,600</u>	26.27 %

The District's general fund expenditures increased \$4,529,600 or 26.27% in fiscal year 2024. Instruction increased in the current fiscal year as a result of the District using less ESSER funds in FY24 to help offset wage costs. Capital outlay increased in the current year as a result of the District entering into a lease and note payable agreement. All expenditures remained comparable to the prior fiscal year.

Bond Retirement Fund

The bond retirement fund had \$1,347,221 in revenues and other financing sources and \$1,273,299 in expenditures. During fiscal year 2024, the bond retirement fund's fund balance increased \$73,922 from a fund balance of \$2,470,037 to \$2,543,959, 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 \$21,066,737, which was \$130,949 greater than the original budgeted revenues and other financing sources of \$20,935,788. Actual revenues and other financing sources were \$20,720,798, which were \$345,939 less than the final budgeted revenues and other financing sources.

General fund final appropriations (appropriated expenditures and other financing uses) totaled \$26,753,244, which was the same as original appropriations of \$26,753,244. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$21,836,839, which was \$4,916,405 less than the final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2024, the District had \$37,599,571 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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

The following table shows the net capital asset balances at June 30, 2024 and June 30, 2023:

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

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 1,052,095	\$ 1,052,095
Land improvements	2,357,381	2,972,813
Building and improvements	32,599,952	33,973,506
Equipment and furniture	1,108,672	928,638
Vehicles	228,220	134,421
Intangible right to use - leased assets	<u>253,251</u>	<u>278,998</u>
Total	<u>\$ 37,599,571</u>	<u>\$ 39,340,471</u>

The overall decrease in capital assets of \$1,740,900 is due to depreciation/amortization expense of \$2,527,949 exceeding capital outlays of \$787,049 in fiscal year 2024.

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

Debt Administration

At June 30, 2024, the District had \$70,000 in energy conservation bonds, \$8,310,000 in refunding bonds, \$1,390,162 in notes payable, and \$134,634 in leases payable obligations outstanding. Of this total, \$1,275,714 is due within one year and \$8,629,082 is due in greater than one year. The table following summarizes the bonds and notes payable.

Outstanding Debt, at Year End

	<u>Governmental Activities 2024</u>	<u>Governmental Activities 2023</u>
Energy conservation bonds	\$ 70,000	\$ 105,000
School improvement refunding bonds	8,310,000	9,220,000
Notes payable	1,390,162	1,310,000
Leases payable	<u>134,634</u>	<u>107,632</u>
Total	<u>\$ 9,904,796</u>	<u>\$ 10,742,632</u>

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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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 focuses 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 introduced new curriculum in the area of literacy and math in fiscal year 2023. In addition, new curriculum was purchased during the last weeks of fiscal year 2023 and was in full use during the 2023-2024 school across all grade levels in reading, math, language arts, science and social studies. During fiscal year 2024 the district implemented the Instructional Rounds methodology of peer review for best practices in instructional learning, as developed by the Harvard Graduate School of Education. A group of ten staff, including teachers and administrators attended a week long seminar in Boston, and an additional group of ten will attend the seminar during fiscal year 2025. In addition, during fiscal year 2024, the Restorative Practices Protocols were implemented to improve the relationships between students and staff, as well as staff and parents, which in turn, fosters a positive learning environment for all children. Personnel from the International Institute of Restorative Practices trained all professional staff during the spring of 2024.

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, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 10,722,847
Cash in segregated accounts	9,568
Receivables:	
Property taxes	6,732,683
Payment in lieu of taxes	3,000
Accounts	30,400
Accrued interest	3,587
Intergovernmental	144,765
Prepayments	201,660
Materials and supplies inventory	1,164
Inventory held for resale	5,996
Net OPEB asset	1,352,749
Capital assets:	
Nondepreciable/amortized capital assets	1,052,095
Depreciable/amortized capital assets, net	36,547,476
Capital assets, net	<u>37,599,571</u>
Total assets	<u>56,807,990</u>
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	208,803
Pension	3,861,601
OPEB	867,652
Total deferred outflows of resources	<u>4,938,056</u>
Liabilities:	
Accounts payable	182,432
Accrued wages and benefits payable	1,810,506
Intergovernmental payable	508,790
Accrued interest payable	26,674
Long-term liabilities:	
Due within one year	1,413,446
Due in more than one year:	
Net pension liability	19,222,084
Net OPEB liability	1,293,241
Other amounts due in more than one year	10,264,019
Total liabilities	<u>34,721,192</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	3,865,625
Payment in lieu of taxes levied for the next fiscal year	3,000
Pension	1,589,078
OPEB	2,202,598
Total deferred inflows of resources	<u>7,660,301</u>
Net position:	
Net investment in capital assets	27,537,696
Restricted for:	
Classroom facilities maintenance	480,193
Debt service	2,671,818
Locally funded programs	33,364
State funded programs	14,504
Federally funded programs	137,263
Food service operations	273,810
Student activities	151,745
Other purposes	234,281
OPEB	1,352,749
Unrestricted (deficit)	(13,522,870)
Total net position	<u>\$ 19,364,553</u>

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, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

						Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities
Governmental activities:						
Instruction:						
Regular	\$ 9,281,737	\$ 119,663	\$ 33,888	\$ -	\$	(9,128,186)
Special	5,645,380	44,096	3,345,833	-		(2,255,451)
Vocational	20,162	-	-	-		(20,162)
Support services:						
Pupil	1,868,084	-	439,871	-		(1,428,213)
Instructional staff	1,065,828	-	144,237	-		(921,591)
Board of education	100,294	-	5,645	-		(94,649)
Administration	2,042,978	-	-	-		(2,042,978)
Fiscal	640,109	1,596	694	-		(637,819)
Operations and maintenance	3,007,146	2,919	79,489	-		(2,924,738)
Pupil transportation	1,231,362	-	159,264	64,454		(1,007,644)
Central	186,426	-	24,331	-		(162,095)
Operation of non-instructional services:						
Food service operations	1,417,135	224,535	982,295	-		(210,305)
Other non-instructional services	49,284	-	53,724	-		4,440
Extracurricular activities	1,174,638	307,618	85,907	12,200		(768,913)
Interest and fiscal charges	311,765	-	-	-		(311,765)
Totals	\$ 28,042,328	\$ 700,427	\$ 5,355,178	\$ 76,654		(21,910,069)
General revenues:						
Property taxes levied for:						
General purposes						4,947,239
Debt service						1,027,602
Classroom facilities maintenance						73,000
Payments in lieu of taxes						3,000
Grants and entitlements not restricted to specific programs						13,240,880
Investment earnings						276,284
Change in fair value of investments						119,905
Miscellaneous						251,809
Total general revenues						19,939,719
Change in net position						(1,970,350)
Net position at beginning of year						21,334,903
Net position at end of year						\$ 19,364,553

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 6,170,188	\$ 2,211,342	\$ 2,339,264	\$ 10,720,794
Cash in segregated accounts	9,568	-	-	9,568
Receivables:				
Property taxes	5,620,614	1,035,689	76,380	6,732,683
Payment in lieu of taxes	-	-	3,000	3,000
Accounts	28,299	-	2,101	30,400
Accrued interest	3,587	-	-	3,587
Intergovernmental	32,642	-	112,123	144,765
Prepayments	92,084	-	109,576	201,660
Materials and supplies inventory	-	-	1,164	1,164
Inventory held for resale	-	-	5,996	5,996
Due from other funds	5,250	-	-	5,250
Restricted assets:				
Equity in pooled cash and cash equivalents	2,053	-	-	2,053
Total assets	<u>\$ 11,964,285</u>	<u>\$ 3,247,031</u>	<u>\$ 2,649,604</u>	<u>\$ 17,860,920</u>
Liabilities:				
Accounts payable	\$ 129,174	\$ -	\$ 53,258	\$ 182,432
Accrued wages and benefits payable	1,673,576	-	136,930	1,810,506
Intergovernmental payable	472,023	-	36,767	508,790
Due to other funds	-	-	5,250	5,250
Total liabilities	<u>2,274,773</u>	<u>-</u>	<u>232,205</u>	<u>2,506,978</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,270,934	552,805	41,886	3,865,625
Payment in lieu of taxes levied for the next fiscal year	-	-	3,000	3,000
Delinquent property tax revenue not available	752,977	150,267	10,820	914,064
Intergovernmental revenue not available	-	-	26,935	26,935
Accrued interest not available	2,378	-	-	2,378
Total deferred inflows of resources	<u>4,026,289</u>	<u>703,072</u>	<u>82,641</u>	<u>4,812,002</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	1,164	1,164
Prepays	92,084	-	109,576	201,660
Unclaimed monies	2,053	-	-	2,053
Scholarships	-	-	207,464	207,464
Restricted:				
Debt service	-	2,543,959	-	2,543,959
Classroom facilities maintenance	-	-	469,373	469,373
Food service operations	-	-	299,958	299,958
State funded programs	-	-	14,504	14,504
Federally funded programs	-	-	28,759	28,759
Extracurricular activities	-	-	153,091	153,091
Scholarships	-	-	24,764	24,764
Other purposes	-	-	33,364	33,364
Committed:				
Capital improvements	-	-	1,020,066	1,020,066
Extracurricular	10,000	-	-	10,000
Termination benefits	158,532	-	-	158,532
Student instruction	75,482	-	-	75,482
Student and staff support	31,976	-	-	31,976
Assigned:				
Student instruction	84,276	-	-	84,276
Student and staff support	69,674	-	-	69,674
Extracurricular activities	1,420	-	-	1,420
Subsequent year's appropriations	4,737,651	-	-	4,737,651
Public school support	15,878	-	-	15,878
Technology	376,485	-	-	376,485
Unassigned (deficit)	7,712	-	(27,325)	(19,613)
Total fund balances	<u>5,663,223</u>	<u>2,543,959</u>	<u>2,334,758</u>	<u>10,541,940</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 11,964,285</u>	<u>\$ 3,247,031</u>	<u>\$ 2,649,604</u>	<u>\$ 17,860,920</u>

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, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

Total governmental fund balances		\$ 10,541,940
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,599,571
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 914,064	
Accrued interest receivable	2,378	
Intergovernmental receivable	26,935	
Total		943,377
Unamortized premiums on bonds issued are not recognized in the funds.		(365,882)
Unamortized amounts on refundings are not recognized in the funds.		208,803
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(26,674)
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	3,861,601	
Deferred inflows - pension	(1,589,078)	
Net pension liability	(19,222,084)	
Deferred outflows - OPEB	867,652	
Deferred inflows - OPEB	(2,202,598)	
Net OPEB asset	1,352,749	
Net OPEB liability	(1,293,241)	
Total		(18,224,999)
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	(8,380,000)	
Notes payable	(1,390,162)	
Leases payable	(134,634)	
Compensated absences	(1,406,787)	
Total		(11,311,583)
Net position of governmental activities		<u><u>\$ 19,364,553</u></u>

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, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

	General	(Formerly Major) ESSER	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:					
From local sources:					
Property taxes	\$ 4,737,545		\$ 988,911	\$ 70,038	\$ 5,796,494
Intergovernmental	15,231,100		258,410	3,076,357	18,565,867
Investment earnings	211,746		62,721	14,928	289,395
Tuition and fees	163,759		-	-	163,759
Extracurricular	33,728		-	275,486	309,214
Charges for services	-		-	227,454	227,454
Contributions and donations	8,291		-	47,163	55,454
Payment in lieu of taxes	-		-	3,000	3,000
Miscellaneous	243,518		-	60,198	303,716
Change in fair value of investments	119,905		-	-	119,905
Total receipts	<u>20,749,592</u>		<u>1,310,042</u>	<u>3,774,624</u>	<u>25,834,258</u>
Disbursements:					
Current:					
Instruction:					
Regular	8,893,101		-	38,448	8,931,549
Special	3,670,008		-	1,666,893	5,336,901
Vocational	20,162		-	-	20,162
Support services:					
Pupil	1,726,204		-	72,460	1,798,664
Instructional staff	803,878		-	144,271	948,149
Board of education	84,017		3,750	6,400	94,167
Administration	1,861,776		-	-	1,861,776
Fiscal	553,360		29,441	4,588	587,389
Operations and maintenance	1,742,214		-	347,139	2,089,353
Pupil transportation	1,225,081		-	33,131	1,258,212
Central	147,467		-	27,586	175,053
Operation of non-instructional services:					
Food service operations	-		-	1,339,001	1,339,001
Other non-instructional services	-		-	46,152	46,152
Extracurricular activities	665,335		-	371,769	1,037,104
Facilities acquisition and construction	-		-	401,655	401,655
Capital outlay	340,364		-	-	340,364
Debt service:					
Principal retirement	33,200		945,000	200,000	1,178,200
Interest and fiscal charges	2,961		295,108	40,098	338,167
Total disbursements	<u>21,769,128</u>		<u>1,273,299</u>	<u>4,739,591</u>	<u>27,782,018</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,019,536)</u>		<u>36,743</u>	<u>(964,967)</u>	<u>(1,947,760)</u>
Other financing sources (uses):					
Sale of notes	280,162		-	-	280,162
Transfers in	-		37,179	357,555	394,734
Transfers (out)	(394,734)		-	-	(394,734)
Lease transaction	60,202		-	-	60,202
Total other financing sources (uses)	<u>(54,370)</u>		<u>37,179</u>	<u>357,555</u>	<u>340,364</u>
Net change in fund balances	(1,073,906)		73,922	(607,412)	(1,607,396)
Fund balances at beginning of year, as previously reported	6,737,129	128,732	2,470,037	2,813,438	12,149,336
Adjustment - changes from major fund to nonmajor fund	-	(128,732)	-	128,732	-
Fund balances at beginning of year, as adjusted	6,737,129		2,470,037	2,942,170	12,149,336
Fund balances at end of year	<u>\$ 5,663,223</u>		<u>\$ 2,543,959</u>	<u>\$ 2,334,758</u>	<u>\$ 10,541,940</u>

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, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

Net change in fund balances - total governmental funds \$ (1,607,396)

*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	\$ 787,049	
Current year depreciation/amortization	(2,527,949)	
Total		(1,740,900)

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

Property taxes	251,347	
Earnings on investments	1,817	
Intergovernmental	(15,444)	
Total		237,720

Repayment of debt obligations principal is an expenditure in the
governmental funds, but the repayment reduces long-term liabilities
on the statement of net position.

1,178,200

Issuance of notes payable and lease 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.

(340,364)

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	1,130	
Amortization of bond premiums	59,056	
Amortization of deferred charges	(33,784)	
Total		26,402

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

Pension	1,780,482	
OPEB	52,171	
Total		1,832,653

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	(1,617,516)	
OPEB	205,513	
Total		(1,412,003)

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.

(144,662)

Change in net position of governmental activities \$ (1,970,350)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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 67 classified employees, 112 certified teaching personnel, and 19 administrative employees who provide services to 1,616 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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public-school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation in the Cooperative Assembly.

On July 1, 2023, the Heartland Council of Government merged with the Metropolitan Regional Service Council. The Information Technology Center operating under the Heartland Council of Governments, North Central Ohio Computer Cooperative (NCOCC) became part of the Northeast Ohio Network for Educational Technology (NEOnet) and will operate as Northeast Ohio Network for Educational Technology (NEOnet).

During fiscal year 2024, the District paid \$103,975 to NEOnet 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.

**GALION CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Wyandot Crawford Health Insurance Consortium

The Wyandot Crawford Health Insurance Consortium 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, Jefferson Health Plan, 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, 2023 Sunset Blvd Steubenville, OH 43952.

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.

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:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are committed to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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 an 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).

**GALION CITY SCHOOL DISTRICT
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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, 2024, but which were levied to finance fiscal year 2025 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.

**GALION CITY SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. 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.

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 2024, investments were limited to negotiable certificates of deposits (negotiable CDs), Tennessee Valley Authority (TVA) Securities, 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 2024 amounted to \$211,746, which includes \$39,813 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 expensed 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 2024. 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.

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
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 - 6 years
Intangible right to use - leased subscriptions	5 - 6 years

The District is reporting intangible right to use assets related to leased equipment and Subscription Based Information Technology Arrangements (SBITAs). 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.

**GALION CITY SCHOOL DISTRICT
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(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

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.

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.

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

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.

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.

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

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.

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.

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

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 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

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 balances previously report by the District.

GASB Statement No. 99 is 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

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

B. Deficit Fund Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
IDEA, Part B	\$ 26,935
Student Support and Academic Enrichment	390

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances 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.

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;

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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 2024, \$9,568 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, 2024, the carrying amount of all District deposits was \$5,132,150 and the bank balance of all District deposits was \$5,225,318. Of the bank balance, \$79,816 was exposed to custodial risk as discussed below because those deposits were uninsured and collateralized and \$5,145,502 was covered by the FDIC.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2024, the District had the following investments and maturities:

Measurement/ Investment type	Measurement Amount	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FHLMC	\$ 110,067	\$ -	\$ -	\$ 18,902	\$ -	\$ 91,165
FNMA	186,714	-	95,664	-	-	91,050
FFCB	1,462,942	74,736	289,549	99,743	288,436	710,478
FHLB	772,091	-	193,761	-	186,223	392,107
FAMC	159,794	-	-	47,480	-	112,314
PEFCO	39,147	-	-	-	-	39,147
Negotiable CDs	510,996	-	-	-	-	510,996
U.S. Treasury note	2,222,727	450,940	289,610	145,789	131,637	1,204,751
TVA	97,820	-	-	-	-	97,820
U.S. Government money market mutual fund	37,967	37,967	-	-	-	-
Total	\$ 5,600,265	\$ 563,643	\$ 868,584	\$ 311,914	\$ 606,296	\$ 3,249,828

The weighted average maturity of investments is 2.44 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, PEFCO, and TVA 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 significant 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, TVA, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, FAMC, and TVA 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, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLMC	\$ 110,067	1.97
FNMA	186,714	3.33
FFCB	1,462,942	26.12
FHLB	772,091	13.79
FAMC	159,794	2.85
PEFCO	39,147	0.70
Negotiable CDs	510,996	9.12
U.S. Treasury note	2,222,727	39.69
TVA	97,820	1.75
U.S. government money market mutual fund	37,967	0.68
Total	<u>\$ 5,600,265</u>	<u>100.00</u>

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, 2024:

Cash and investments per note

Carrying amount of deposits	\$ 5,132,150
Investments	<u>5,600,265</u>
Total	<u>\$ 10,732,415</u>

Cash and investments per financial statements

Governmental activities	<u>\$ 10,732,415</u>
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CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2024, consisted of the following, as reported on the fund statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Bond retirement fund	\$ 37,179
Nonmajor governmental fund	357,555
	<u>\$ 394,734</u>

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 2024 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, 2024, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor Governmental Funds	<u>\$ 5,250</u>

The balance resulted from a negative cash balance in the Supporting effective instruction 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.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, 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 2023 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2022, were levied after April 1, 2023, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 6 - PROPERTY TAXES - (Continued)

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, 2024, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 1,596,703	\$ 1,726,795
Bond retirement fund	332,617	369,706
Nonmajor governmental funds:		
Classroom facilities maintenance fund	23,674	25,724

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, 2024, 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 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 192,764,960	96.59	\$ 197,477,360	96.44
Public utility personal	<u>6,806,140</u>	<u>3.41</u>	<u>7,292,600</u>	<u>3.56</u>
Total	<u>\$ 199,571,100</u>	<u>100.00</u>	<u>\$ 204,769,960</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 58.73		\$ 54.58	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2024 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:

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 7 – RECEIVABLES – (Continued)

Governmental activities:

Property taxes	\$ 6,732,683
Payments in lieu of taxes	3,000
Accounts	30,400
Accrued interest	3,587
Intergovernmental	144,765
Total governmental activities	<u>\$ 6,914,435</u>

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, 2024 was as follows:

	Balance <u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2024</u>
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 1,052,095	\$ -	\$ -	\$ 1,052,095
Total capital assets, not being depreciated/amortized	<u>1,052,095</u>	<u>-</u>	<u>-</u>	<u>1,052,095</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	13,122,706	28,415	-	13,151,121
Buildings and improvements	58,418,464	154,711	-	58,573,175
Furniture and equipment	4,422,149	382,313	-	4,804,462
Vehicles	1,640,123	161,408	(53,690)	1,747,841
Intangible right to use:				
Leased equipment	111,071	60,202	-	171,273
Leased subscriptions	226,167	-	-	226,167
Total capital assets, being depreciated/amortized	<u>77,940,680</u>	<u>787,049</u>	<u>(53,690)</u>	<u>78,674,039</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(10,149,893)	(643,847)	-	(10,793,740)
Buildings and improvements	(24,444,958)	(1,528,265)	-	(25,973,223)
Furniture and equipment	(3,493,511)	(202,279)	-	(3,695,790)
Vehicles	(1,505,702)	(67,609)	53,690	(1,519,621)
Intangible right to use:				
Leased equipment	(3,702)	(31,411)	-	(35,113)
Leased subscriptions	(54,538)	(54,538)	-	(109,076)
Total accumulated depreciation/amortization	<u>(39,652,304)</u>	<u>(2,527,949)</u>	<u>53,690</u>	<u>(42,126,563)</u>
Total capital assets, being depreciated/amortized, net	<u>38,288,376</u>	<u>(1,740,900)</u>	<u>-</u>	<u>36,547,476</u>
Governmental activities capital assets, net	<u>\$ 39,340,471</u>	<u>\$ (1,740,900)</u>	<u>\$ -</u>	<u>\$ 37,599,571</u>

**GALION CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
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NOTE 9 - CAPITAL ASSETS – (Continued)

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

Instruction:	
Regular	\$ 668,946
Special	375,990
Support Services:	
Pupil	122,049
Instructional staff	64,337
Board of Education	6,390
Administration	126,332
Fiscal	39,858
Operations and maintenance	698,127
Pupil transportation	152,985
Central	11,878
Operation of non-instructional services:	
Other non-instructional services	3,132
Food service operations	90,858
Extracurricular activities	167,067
Total depreciation expense	<u>\$ 2,527,949</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2024, the following changes occurred in governmental activities long-term obligations:

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Due in One Year
Governmental activities:					
<u>General Obligation Bonds:</u>					
Energy conservation bonds					
FY2011 - Serial bonds 4.25%	\$ 105,000	\$ -	\$ (35,000)	\$ 70,000	\$ 35,000
School improvement refunding bonds					
FY2013 - Serial bonds 1-3%	4,190,000	-	(670,000)	3,520,000	680,000
School improvement refunding					
Bonds FY2014:					
Term bonds 2.25-4%	1,655,000	-	(240,000)	1,415,000	250,000
Serial bonds 1-4%	3,375,000	-	-	3,375,000	-
Total general obligation bonds	<u>9,325,000</u>	<u>-</u>	<u>(945,000)</u>	<u>8,380,000</u>	<u>965,000</u>
<u>Other Long-Term Obligations:</u>					
Notes payable (direct borrowing)	1,310,000	280,162	(200,000)	1,390,162	280,041
Leases payable	107,632	60,202	(33,200)	134,634	30,673
Net pension liability	20,002,973	124,988	(905,877)	19,222,084	-
Net OPEB liability	1,093,172	200,069	-	1,293,241	-
Compensated Absences	1,283,660	300,740	(177,613)	1,406,787	137,732
Total other long-term obligations	<u>23,797,437</u>	<u>966,161</u>	<u>(1,316,690)</u>	<u>23,446,908</u>	<u>448,446</u>
Total governmental activities	<u>\$ 33,122,437</u>	<u>\$ 966,161</u>	<u>\$ (2,261,690)</u>	31,826,908	<u>\$ 1,413,446</u>
Add: unamortized premiums on refundings				365,882	
Total on statement of net position				<u>\$ 32,192,790</u>	

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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:

<u>Fiscal Year</u>	<u>FY2011 Energy Conservation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 35,000	\$ 2,232	\$ 37,232
2026	35,000	744	35,744
Total	<u>\$ 70,000</u>	<u>\$ 2,976</u>	<u>\$ 72,976</u>

- 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
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	<u>\$ 3,520,000</u>	<u>\$ 254,429</u>	<u>\$ 3,774,429</u>

- 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 multiple 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 matured on December 1, 2022, were subject to a 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, was paid at stated maturity 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:

<u>Year</u>	<u>Amount</u>
2024	\$250,000

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:

<u>Year</u>	<u>Amount</u>
2026	\$280,000

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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:

<u>Year</u>	<u>Amount</u>
2028	\$320,000

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 <u>Ending June 30,</u>	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	320,000	141,400	461,400
2030 - 2032	<u>3,375,000</u>	<u>205,900</u>	<u>3,580,900</u>
Total	<u>\$ 4,790,000</u>	<u>\$ 1,016,225</u>	<u>\$ 5,806,225</u>

- E. Notes payable: 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 will cause the agreement to terminate.

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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Capital assets consisting of buildings and improvements and land improvements have been capitalized in the amount of \$1,517,496 and \$489,334, 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 2024 totaled \$200,000 and \$40,172, respectively, paid by the permanent improvement fund (a nonmajor governmental fund).

During the current fiscal year, the District entered into a notes payable with Apple Inc., ("the Lessor"), to provide computers, iPads, and related accessories to the District. The District borrowed \$280,162 on June 1, 2024, at an interest rate of zero percent. The notes payable is being repaid in annual installments over a four-year period, beginning July 15, 2024. Notes payable payments are made from the general fund. Notes payable payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of technological equipment have been capitalized in the amount of \$280,162. 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.

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

Fiscal Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2025	\$ 280,041	\$ 33,366	\$ 313,407
2026	285,041	26,311	311,352
2027	290,040	19,090	309,130
2028	300,040	11,620	311,660
2029	235,000	3,901	238,901
Total	<u>\$ 1,390,162</u>	<u>\$ 94,288</u>	<u>\$ 1,484,450</u>

- F. Leases Payable: In the prior 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.

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.

In the current fiscal year, the District entered into a lease agreement for the right to use a turf painting robot. 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.

The District entered into the lease with Turf Tank for a term of 6 years on August 1, 2023. Payments are due annually, and the lease matures on July 31, 2029. The first payment due in the current fiscal year amounted to \$12,200 which included lease payment of \$10,500, and \$1,700 capitalized for required setup and installation of the asset. Lease payments are made from the general fund.

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NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30.	Leases Payable		
	Principal	Interest	Total
2025	\$ 30,673	\$ 3,788	\$ 34,461
2026	31,613	2,849	34,462
2027	32,581	1,880	34,461
2028	29,579	889	30,468
2029	10,188	312	10,500
Total	<u>\$ 134,634</u>	<u>\$ 9,718</u>	<u>\$ 144,352</u>

G. 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, 2024, are a voted debt margin of \$12,663,255 (including available funds of \$2,543,959), and an unvoted debt margin of \$204,770.

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 2024, the District contracted for the following insurance coverage.

Coverage provided by the Ohio School Plan is as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
Property Coverage:	
Blanket buildings and contents	\$ 117,455,135
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 2024, 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.

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NOTE 11 - RISK MANAGEMENT – (Continued)

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 Wyandot Crawford Health Insurance Consortium 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 Wyandot Crawford Health Insurance Consortium 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.

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.

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

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, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to SERS was \$434,295 for fiscal year 2024. Of this amount, \$33,497 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. 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.

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.

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The District's contractually required contribution to STRS was \$1,346,187 for fiscal year 2024. Of this amount, \$226,140 is reported as intergovernmental payable.

Net 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.076144100%	0.071454870%	
Proportion of the net pension liability current measurement date	<u>0.076797400%</u>	<u>0.069555020%</u>	
Change in proportionate share	<u>0.000653300%</u>	<u>-0.001899850%</u>	
Proportionate share of the net pension liability	\$ 4,243,453	\$ 14,978,631	\$ 19,222,084
Pension expense	\$ 548,470	\$ 1,069,046	\$ 1,617,516

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2024, 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	\$ 182,393	\$ 546,091	\$ 728,484
Changes of assumptions	30,059	1,233,570	1,263,629
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	80,353	8,653	89,006
Contributions subsequent to the measurement date	<u>434,295</u>	<u>1,346,187</u>	<u>1,780,482</u>
Total deferred outflows of resources	<u>\$ 727,100</u>	<u>\$ 3,134,501</u>	<u>\$ 3,861,601</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 33,237	\$ 33,237
Net difference between projected and actual earnings on pension plan investments	59,647	44,890	104,537
Changes of assumptions	-	928,525	928,525
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>522,779</u>	<u>522,779</u>
Total deferred inflows of resources	<u>\$ 59,647</u>	<u>\$ 1,529,431</u>	<u>\$ 1,589,078</u>

\$1,780,482 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, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ 105,357	\$ (295,125)	\$ (189,768)
2026	(154,196)	(675,447)	(829,643)
2027	278,836	1,398,782	1,677,618
2028	<u>3,161</u>	<u>(169,327)</u>	<u>(166,166)</u>
Total	<u>\$ 233,158</u>	<u>\$ 258,883</u>	<u>\$ 492,041</u>

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and 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 2023, 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.

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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 by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating 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 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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.

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 6,263,118	\$ 4,243,453	\$ 2,542,268

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
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, 2023 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 Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, 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.

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

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**GALION CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation*	Long-Term Expected 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 %	

* Final target weights reflected at October 1, 2022.

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, 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	\$ 23,033,818	\$ 14,978,631	\$ 8,166,146

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

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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.

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, 2024, 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 2024, this amount was \$30,000. 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 2024, the District's surcharge obligation was \$52,171.

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 \$52,171 for fiscal year 2024. Of this amount, \$52,171 is reported as intergovernmental payable.

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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2024, STRS did not allocate any employer contributions to post-employment health care.

Net 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, 2023, 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.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.077860700%	0.071454870%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.078499800%</u>	<u>0.069555020%</u>	
Change in proportionate share	<u>0.000639100%</u>	<u>-0.001899850%</u>	
Proportionate share of the net OPEB liability	\$ 1,293,241	\$ -	\$ 1,293,241
Proportionate share of the net OPEB asset	\$ -	\$ (1,352,749)	\$ (1,352,749)
OPEB expense	\$ (153,350)	\$ (52,163)	\$ (205,513)

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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2024, 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	\$ 2,694	\$ 2,112	\$ 4,806
Net difference between projected and actual earnings on OPEB plan investments	10,023	2,416	12,439
Changes of assumptions	437,286	199,277	636,563
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	155,407	6,266	161,673
Contributions subsequent to the measurement date	<u>52,171</u>	<u>-</u>	<u>52,171</u>
Total deferred outflows of resources	<u><u>\$ 657,581</u></u>	<u><u>\$ 210,071</u></u>	<u><u>\$ 867,652</u></u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 666,971	\$ 206,331	\$ 873,302
Changes of assumptions	367,291	892,528	1,259,819
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>64,842</u>	<u>4,635</u>	<u>69,477</u>
Total deferred inflows of resources	<u><u>\$ 1,099,104</u></u>	<u><u>\$ 1,103,494</u></u>	<u><u>\$ 2,202,598</u></u>

\$52,171 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, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (191,643)	\$ (399,630)	\$ (591,273)
2026	(160,172)	(181,701)	(341,873)
2027	(85,243)	(68,640)	(153,883)
2028	(42,351)	(93,544)	(135,895)
2029	(33,338)	(85,500)	(118,838)
Thereafter	<u>19,053</u>	<u>(64,408)</u>	<u>(45,355)</u>
Total	<u><u>\$ (493,694)</u></u>	<u><u>\$ (893,423)</u></u>	<u><u>\$ (1,387,117)</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and 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%

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	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense,
including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

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CRAWFORD COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

In 2023, the following mortality assumptions were used:

Healthy Retirees - 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

Disabled Retirees - 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.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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.

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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.

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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. 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 is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,653,132	\$ 1,293,241	\$ 1,009,452

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 950,100	\$ 1,293,241	\$ 1,747,950

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023		June 30, 2022	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
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%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

For the June 30, 2023 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.

For the prior measurement date, 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.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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 %	

* Final target weights reflected at October 1, 2022.

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2023. 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, 2023.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, 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.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,144,925	\$ 1,352,749	\$ 1,533,742
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,542,141	\$ 1,352,749	\$ 1,124,630

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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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 Wyandot Crawford Health Insurance Consortium. 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 - 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.

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 and Workforce (ODEW) 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, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the District.

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NOTE 16 - 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.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	341,352
Current year qualifying expenditures	(546,351)
Current year offsets	<u>(440,390)</u>
Total	<u>\$ (645,389)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

NOTE 17 - 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 2024, the District's property tax revenues were reduced as follows:

	<u>Year 2024 Taxes Abated</u>
<u>Overlapping Government</u>	<u>CRA</u>
City of Galion	<u>\$ 64,310</u>

NOTE 18 - 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 \$24,764 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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 19 - 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:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 261,873
Bond retirement	1,250
Nonmajor governmental	<u>225,875</u>
Total	<u><u>\$ 488,998</u></u>

NOTE 20 - COVID-19

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

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REQUIRED SUPPLEMENTARY INFORMATION

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget -</u>
			<u>Basis</u>	<u>over (under)</u>
				<u>Actual Amounts</u>
Budgetary revenues and other financing sources	\$ 20,935,788	\$ 21,066,737	\$ 20,720,798	\$ (345,939)
Budgetary expenditures and other financing uses	<u>26,753,244</u>	<u>26,753,244</u>	<u>21,836,839</u>	<u>(4,916,405)</u>
Net change in fund balance	(5,817,456)	(5,686,507)	(1,116,041)	4,570,466
Budgetary fund balance at beginning of year	6,445,565	6,445,565	6,445,565	-
Prior year encumbrances appropriated	<u>379,979</u>	<u>379,979</u>	<u>379,979</u>	<u>-</u>
Budgetary fund balance at end of year	<u><u>\$ 1,008,088</u></u>	<u><u>\$ 1,139,037</u></u>	<u><u>\$ 5,709,503</u></u>	<u><u>\$ 4,570,466</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.07679740%	\$ 4,243,453	\$ 2,939,171	144.38%	76.06%
2023	0.07614410%	4,118,465	2,932,850	140.43%	75.82%
2022	0.07271600%	2,683,010	2,549,121	105.25%	82.86%
2021	0.06758190%	4,470,009	2,333,979	191.52%	68.55%
2020	0.07309160%	4,373,199	2,266,452	192.95%	70.85%
2019	0.07170840%	4,106,873	2,433,081	168.79%	71.36%
2018	0.07611560%	4,547,741	2,504,693	181.57%	69.50%
2017	0.07218480%	5,283,263	2,247,621	235.06%	62.98%
2016	0.06615630%	3,774,942	2,020,236	186.86%	69.16%
2015	0.06464600%	3,271,698	1,745,786	187.41%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 434,295	\$ (434,295)	\$ -	\$ 3,102,107	14.00%
2023	411,484	(411,484)	-	2,939,171	14.00%
2022	410,599	(410,599)	-	2,932,850	14.00%
2021	356,877	(356,877)	-	2,549,121	14.00%
2020	326,757	(326,757)	-	2,333,979	14.00%
2019	305,971	(305,971)	-	2,266,452	13.50%
2018	328,466	(328,466)	-	2,433,081	13.50%
2017	350,657	(350,657)	-	2,504,693	14.00%
2016	314,667	(314,667)	-	2,247,621	14.00%
2015	266,267	(266,267)	-	2,020,235	13.18%

(1) 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

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.06955502%	\$ 14,978,631	\$ 9,454,314	158.43%	80.02%
2023	0.07145487%	15,884,508	9,237,871	171.95%	78.88%
2022	0.07137179%	9,125,525	8,778,414	103.95%	87.78%
2021	0.07261041%	17,569,136	8,934,000	196.65%	75.48%
2020	0.07231568%	15,992,178	8,366,286	191.15%	77.40%
2019	0.07258905%	15,960,702	8,301,807	192.26%	77.31%
2018	0.07320149%	17,389,171	8,144,636	213.50%	75.30%
2017	0.07093201%	23,743,082	7,633,921	311.02%	66.80%
2016	0.06801801%	18,798,188	6,954,314	270.31%	72.10%
2015	0.06749488%	16,417,091	6,967,321	235.63%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 1,346,187	\$ (1,346,187)	\$ -	\$ 9,615,621	14.00%
2023	1,323,604	(1,323,604)	-	9,454,314	14.00%
2022	1,293,302	(1,293,302)	-	9,237,871	14.00%
2021	1,228,978	(1,228,978)	-	8,778,414	14.00%
2020	1,250,760	(1,250,760)	-	8,934,000	14.00%
2019	1,171,280	(1,171,280)	-	8,366,286	14.00%
2018	1,162,253	(1,162,253)	-	8,301,807	14.00%
2017	1,140,249	(1,140,249)	-	8,144,636	14.00%
2016	1,068,749	(1,068,749)	-	7,633,921	14.00%
2015	973,604	(973,604)	-	6,954,314	14.00%

(1) 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

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.07849980%	\$ 1,293,241	\$ 2,939,171	44.00%	30.02%
2023	0.07786070%	1,093,172	2,932,850	37.27%	30.34%
2022	0.07493480%	1,418,203	2,549,121	55.63%	24.08%
2021	0.07021880%	1,526,084	2,333,979	65.39%	18.17%
2020	0.07464980%	1,877,285	2,266,452	82.83%	15.57%
2019	0.07258360%	2,013,665	2,433,081	82.76%	13.57%
2018	0.07703440%	2,067,400	2,504,693	82.54%	12.46%
2017	0.07294360%	2,079,162	2,247,621	92.51%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 52,171	\$ (52,171)	\$ -	\$ 3,102,107	1.68%
2023	54,552	(54,552)	-	2,939,171	1.86%
2022	50,861	(50,861)	-	2,932,850	1.73%
2021	47,932	(47,932)	-	2,549,121	1.88%
2020	45,532	(45,532)	-	2,333,979	1.95%
2019	55,702	(55,702)	-	2,266,452	2.46%
2018	50,647	(50,647)	-	2,433,081	2.08%
2017	41,036	(41,036)	-	2,504,693	1.64%
2016	36,018	(36,018)	-	2,247,621	1.60%
2015	50,636	(50,636)	-	2,020,235	2.51%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

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

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.06955502%	\$ (1,352,749)	\$ 9,454,314	14.31%	168.52%
2023	0.07145487%	(1,850,204)	9,237,871	20.03%	230.73%
2022	0.07137179%	(1,504,816)	8,778,414	17.14%	174.73%
2021	0.07261041%	(1,276,127)	8,934,000	14.28%	182.10%
2020	0.07231568%	(1,197,721)	8,366,286	14.32%	174.74%
2019	0.07258905%	(1,166,432)	8,301,807	14.05%	176.00%
2018	0.07320149%	2,856,053	8,144,636	35.07%	47.10%
2017	0.07093201%	3,793,462	7,633,921	49.69%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 9,615,621	0.00%
2023	-	-	-	9,454,314	0.00%
2022	-	-	-	9,237,871	0.00%
2021	-	-	-	8,778,414	0.00%
2020	-	-	-	8,934,000	0.00%
2019	-	-	-	8,366,286	0.00%
2018	-	-	-	8,301,807	0.00%
2017	-	-	-	8,144,636	0.00%
2016	-	-	-	7,633,921	0.00%
2015	-	-	-	6,954,314	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 1 - BUDGETARY PROCESS

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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);
- (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); and
- (d) 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 is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,116,041)
Net adjustment for revenue and other financing sources accruals	336,329
Net adjustment for expenditure and other financing uses accruals	(550,938)
Funds budgeted elsewhere	(106,858)
Adjustments for encumbrances	<u>363,602</u>
GAAP Basis	<u>\$ (1,073,906)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the special trust fund, public school support fund, faculty funds, unclaimed monies fund, severance pay fund, and school projects fund.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- 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 recipients 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.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- 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.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change 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.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change 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) 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%.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- 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%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change 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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**GALION CITY SCHOOL DISTRICT
CRAWFORD COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change 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.
- 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) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% 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.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.