MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

Basic Financial Statements

For the Fiscal Year Ended
June 30, 2023

Julian & Grube
Serving Ohio Local Governments

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

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Accountant's Compilation Report

To the Margaretta Local School District Board of Education
Castalia, Ohio

Management is responsible for the accompanying basic financial statements of the Margaretta Local School District, which comprise the statements listed in the table of contents as of June 30, 2023 and for the fiscal year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed the 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 the financial statements.

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

Julian & Grube, Inc.

Westerville, Ohio
September 29, 2023

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position of governmental activities increased $6,577,084 which represents a 78.74% increase from the June 30, 2022 net position. The increase is primarily from an increase in the net pension liability.

- General revenues accounted for $20,178,746 in revenue or 82.58% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $4,257,434 or 17.42% of total revenues of $24,436,180.

- The District had $17,859,096 in expenses related to governmental activities; only $4,257,434 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $20,178,746 were adequate to provide for these programs.

- The District's major governmental funds are the general fund and capital projects fund. The general fund had $18,852,156 in revenues and other financing sources and $18,713,811 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance increased $138,345 from $142,502 to $280,847.

- The capital projects fund had $3,054,636 of other financing sources and $4,805,219 in expenditures and other financing uses. During fiscal year 2023, the capital project's fund balance decreased $1,750,583 from $4,868,492 to $3,117,909.

Using the Basic Financial Statements (BFS)

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. The general fund and the capital projects fund are the only governmental funds reported as major.

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 fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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 fund are the general fund and the capital projects fund.

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 net pension liability and net OPEB asset/liability.

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 at June 30, 2023 and June 30, 2022.

Net Position

	Governmental Activities 2023	Governmental Activities 2022
Assets		
Current and other assets	$ 36,918,848	$ 30,586,488
Capital assets, net	11,710,534	8,964,269
Total assets	48,629,382	39,550,757
Deferred Outflows of Resources		
Pensions	3,641,299	3,728,533
OPEB	451,123	531,765
Total deferred outflows of resources	4,092,422	4,260,298
Liabilities		
Current liabilities	1,706,195	1,845,079
Long-term liabilities:		
Due within one year	366,375	381,029
Due in more than one year:		
Net pension liability	14,840,767	9,201,345
Net OPEB liability	1,011,542	1,339,267
Other amounts	2,251,777	2,470,993
Total liabilities	20,176,656	15,237,713
Deferred Inflows of Resources		
Property taxes levied for next year	13,420,306	10,312,977
Leases	2,415	4,644
Pensions	1,773,366	7,523,150
OPEB	2,419,484	2,379,506
Total deferred inflows of resources	17,615,571	20,220,277
Net Position		
Net investment in capital assets	10,029,889	7,025,649
Restricted	1,540,889	1,291,869
Unrestricted	3,359,371	35,547
Total net position	$ 14,930,149	$ 8,353,065

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $14,930,149.

Current and other assets increased $6,332,360 due to an increase in property taxes receivable. The increase is due to an increase of tax revenues based on the assessed values for the Nexus pipeline. See Note 6 for more detail.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 13 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail.

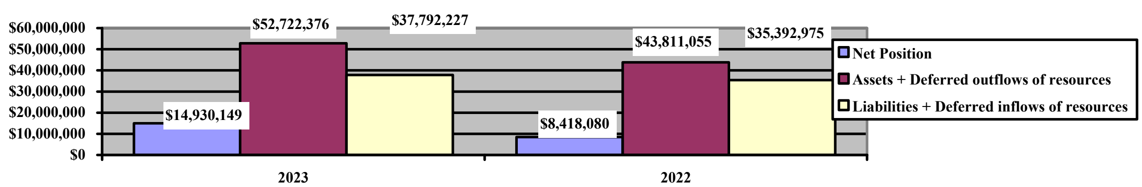
At year-end, capital assets represented 24.08% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, right to use leased assets, and right to use Subscription Based Information Technology Arrangements (SBITAs). Net investment in capital assets at June 30, 2023, was $10,029,889. 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.

The net pension liability increased $5,639,422 or 61.29% and deferred inflows of resources related to pension decreased $5,749,784 or 76.43%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

A portion of the District's net position, $1,540,889, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is $3,359,371.

The graph below illustrates the governmental activities assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, and net position at June 30, 2023 and June 30, 2022.

Governmental Activities



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

Change in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program revenues:		
Charges for services and sales	$ 1,999,703	$ 1,495,878
Operating grants and contributions	2,257,731	2,980,826
General revenues:		
Property taxes	14,565,879	16,658,619
Grants and entitlements	5,199,722	5,562,609
Investment earnings	94,729	3,420
Other	318,416	325,558
Total revenues	24,436,180	27,026,910
Expenses		
Program expenses:		
Instruction:		
Regular	5,999,508	5,322,644
Special	3,042,460	2,787,046
Vocational	442,895	349,063
Other	147,497	185,074
Support services:		
Pupil	838,354	830,660
Instructional staff	310,846	294,564
Board of education	468,245	372,941
Administration	1,477,256	1,195,250
Fiscal	513,563	487,957
Operations and maintenance	1,448,348	1,260,596
Pupil transportation	1,331,679	1,168,859
Central	144,863	104,123
Operation of non-instructional services:		
Food service operations	621,076	545,911
Other non-instructional services	141,001	100,464
Extracurricular activities	857,447	655,804
Interest and fiscal charges	74,058	76,233
Total expenses	17,859,096	15,737,189
Change in net position	6,577,084	11,289,721
Net position (deficit) at beginning of year	8,353,065	(2,936,656)
Net position at end of year	$ 14,930,149	$ 8,353,065

Governmental Activities

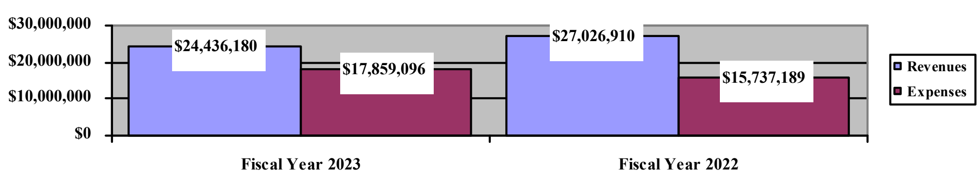
Net position of the District's governmental activities increased $6,577,084. Total governmental expenses of $17,859,096 were offset by program revenues of $4,257,434 and general revenues of $20,178,746. Program revenues supported 23.84% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenues account for 80.89% of total governmental revenue. This increase was the result of the District received more property tax revenue during the current fiscal year compared to the prior fiscal year because of the Nexus pipeline tax assessments and delinquent taxes related to the pipeline. The most significant decreases were in the areas of charges for services and sales.

Overall, expenses of the governmental activities increased $2,121,907 or 13.48%. This increase is primarily the result of an increase in pension expense. Pension expense increase approximately $1,553,373. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

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

Governmental Activities - Revenues and Expenses



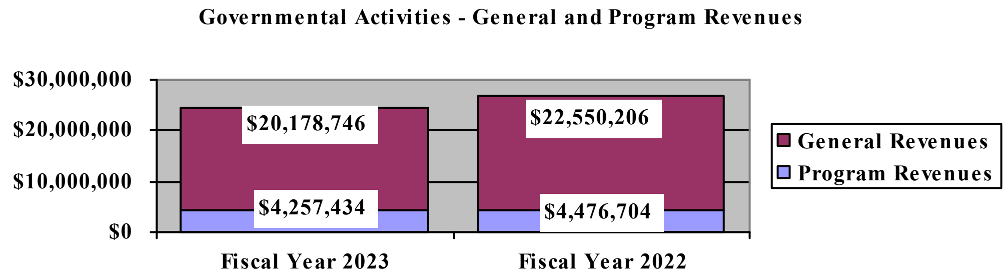
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported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

Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses				
Instruction:				
Regular	$ 5,999,508	$ 4,790,877	$ 5,322,644	$ 3,978,829
Special	3,042,460	1,828,257	2,787,046	1,591,472
Vocational	442,895	403,123	349,063	302,024
Other	147,497	147,497	185,074	185,074
Support services:				
Pupil	838,354	678,978	830,660	604,835
Instructional staff	310,846	304,275	294,564	278,595
Board of education	468,245	468,245	372,941	372,941
Administration	1,477,256	1,477,256	1,195,250	1,195,250
Fiscal	513,563	513,563	487,957	487,957
Operations and maintenance	1,448,348	1,340,112	1,260,596	1,120,141
Pupil transportation	1,331,679	956,946	1,168,859	883,325
Central	144,863	138,578	104,123	96,772
Operation of non-instructional services:				
Food service operations	621,076	(12,847)	545,911	(202,969)
Other non-instructional services	141,001	103,796	100,464	48,989
Extracurricular activities	857,447	388,948	655,804	241,017
Interest and fiscal charges	74,058	74,058	76,233	76,233
Total expenses	$ 17,859,096	$ 13,601,662	$ 15,737,189	$ 11,260,485

The dependence upon tax and other general revenues for governmental activities is apparent, 74.43% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.16%. The District's taxpayers and grants and entitlements not restricted to specific programs, as a whole, are by far the primary support for District's students.

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



The District's Funds

The District's governmental funds reported a combined fund balance of $4,233,849, which is less than last year's balance of $5,869,283. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and June 30, 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Change
General	$ 280,847	$ 142,502	$ 138,345
Capital Projects	3,117,909	4,868,492	(1,750,583)
Other Governmental	835,093	858,289	(23,196)
Total	$ 4,233,849	$ 5,869,283	$ (1,635,434)

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General Fund

The District's general fund balance increased $166,230 in fiscal year 2023.

The table that follows assists in illustrating the financial activities and change in fund balance of the general fund.

	2023 Amount	2022 Amount	Change	Percentage Change
Revenues				
Property taxes	$ 9,194,919	$ 10,901,125	$ (1,706,206)	(15.65) %
Tuition	785,161	691,065	94,096	13.62 %
Earnings on investments	94,729	3,420	91,309	2,669.85 %
Other revenues	898,945	713,307	185,638	26.02 %
Intergovernmental	5,878,402	6,138,166	(259,764)	(4.23) %
Total	$ 16,852,156	$ 18,447,083	$ (1,594,927)	(8.65) %
Expenditures				
Instruction	$ 8,602,891	$ 8,421,355	$ 181,536	2.16 %
Support services	6,235,444	5,818,091	417,353	7.17 %
Operation of non-instructional services	96,662	56,884	39,778	69.93 %
Extracurricular activities	353,069	291,834	61,235	20.98 %
Capital outlay	-	211,198	(211,198)	(100.00) %
Debt service	244,983	204,164	40,819	19.99 %
Total	$ 15,533,049	$ 15,003,526	$ 529,523	3.53 %

Total revenues of the general fund decreased $1,594,927 or 8.65%. The District received less property tax revenue during the current fiscal year compared to the prior fiscal year because of the Nexus pipeline tax assessments. Tuition increased due to a change in foundation formula and how tuition is reported by Districts. Earnings on investments increased due to an increase performance on the District's investments. The decrease in intergovernmental revenue is primarily due to a decrease in revenues related to tangible personal property tax gain.

Total expenditures of the general fund increased $529,523 or 3.53%. Instruction expenditures increased due to current year fluctuations in employee salaries and benefits. All other expenses are comparable to the prior year.

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, original and final budgeted revenues were $19,170,354 and $20,020,090 respectively. Actual revenues and other financing sources for fiscal year 2023 were $20,020,092, which is $2 more than the final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of $16,605,487 were increased to $19,623,871 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2023 totaled $19,605,549, which is $18,322 lower than the final budget. The variance between the final budget and actual is primarily a result of the District budgeting for a "worst case scenario" to account for unexpected increases in the actual costs of its programs.

Capital Projects Fund

The capital projects fund had $3,054,636 in other financing sources and $4,805,219 in expenditures and other financing uses. During fiscal year 2023, the capital project's fund balance decreased $1,750,583 from $4,868,492 to $3,117,909.

Capital Assets

At the end of fiscal year 2023, the District had $11,710,534 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. This entire amount is reported in governmental activities. The following table shows capital assets, net of accumulated depreciation, at June 30, 2023 and June 30, 2022:

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

	Governmental Activities	
	2023	2022
Land	$ 174,892	$ 174,892
Construction in progress	4,663,087	1,961,351
Land improvements	851,130	858,580
Buildings and improvements	4,690,110	4,904,317
Furniture and equipment	217,978	248,764
Vehicles	939,740	609,226
Intangible right to use: leased assets	164,900	207,139
Intangible right to use: SBITAs	8,697	-
Total	$ 11,710,534	$ 8,964,269

Capital asset additions in fiscal year 2023 were $3,264,218 and disposals, net of accumulated depreciation/amortization, totaled $29,781. Depreciation/amortization expense for the year amounted to $488,172.

See Note 8 in the notes to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2023, the District had $1,680,645 in note payable - finance purchase obligations, tax anticipation notes outstanding, and leases. Of this amount, $270,642 is due within one year and $1,410,003 is due in more than one year. Principal payments amounted to $257,975.

The following table summarizes the debt outstanding at June 30, 2023 and June 30, 2022.

Outstanding Debt, at Year End

	Governmental Activities 2023	Governmental Activities 2022
Notes payable - Finance Purchase	$ 1,032,000	$ 1,181,000
Tax Anticipation Note	480,000	550,000
Leases payable	168,645	207,620
Total	$ 1,680,645	$ 1,938,620

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

Current Financial Related Activities

The District experienced a Fiscal Year (FY) where General Fund revenues exceeded the expenditures in FY2023. This was primarily due to not transferring as much to the New Facility Reserve, which was established with the excess incremental Nexus pipeline tax revenue that began collection in FY20. The District had four years of deficit spending for FY2017, FY2018, FY2019, and FY2022 and two years of positive revenue over expenses in FY2020 and FY2021 and this year for FY2023. The general fund's cash balance was increased by $395,343 during the fiscal year. The General Fund retained a cash balance of $1,026,672 at the end of the fiscal year.

On a cash basis, operating revenues decreased by (6.1)% when compared with fiscal year 2022 operating revenues. Local operating revenues decreased by (6.6)% from $11,943,277 to $11,158,602. The primary sources of the local operating revenues were local real estate taxes and contributions received from Townsend Community School (TCS). The primary issue driving local revenue down is Nexus Natural Gas Pipeline tax revenues. Nexus tax payments have been very volatile due to the ongoing Nexus appeal and the Lorain County Auditor's appeal of the Nexus settlement where they have historically tender paid at an approximate 40%, 47%, 58% and 40% respectively, for the last four years, of the original valuation level. The State operating revenue decreased by (5.1)% (based on the restatement of state foundation payments for the new state funding formula for FY22) from $6,133,537 to $5,822,667.

Operating expenditures have increased by (2.6)% in fiscal year 2023, if we include the transfers out from the base general fund for the new facilities or capital improvement project reserve it was an increase in spending of (2.7)%. Areas of operating expenditures that experienced increases were salaries by (2.5)% and material and supplies by (49.4)% or $(269,904). Salaries were a net increase in FY2023 due to a few additional employees, but primarily due to negotiated wage increases for all employees. In addition, the increase of $269,904 in supplies and materials was primarily due to the purchase of new curriculum at a cost of $220K, fuel costs increases of $16K and $32K in building and grounds supplies in FY23 versus FY22.

Townsend Community School (TCS) enrollment at the end of the FY2023 as of June 2023 was 487 compared to FY2022 was 479 versus FY2021 was 618 due to the TCS/Margaretta and ODE agreement to reduce the student population down to the 6 contiguous counties surrounding TCS (Erie County). Now that the TCS building is paid off, we are down to just receiving $200 per month in land lease payments. Margaretta received and/or accrued $161,560 in shared services in the 2022-2023 school year. In addition, Margaretta accrued $170,989 for sponsorship fee statutory 3% of Townsend's State determined Enrollment funding.

State foundation, restricted, and unrestricted grant in aid funding decreased by $(174,262) to a total of $4,939,616. One of the most important financial portions of the state's budget is the treatment of the tangible personal property tax reimbursement funding source. In June 2015, the General Assembly adopted a new budget bill (House Bill 64) that restored the phase-out of the Tangible Personal Property Tax Loss Reimbursement that was to be totally phased out at a rate not exceed 1.75% operating revenue. The amount of reimbursement decreased by $(136,609) in Fiscal Year 2023 compared to Fiscal Year 2022 or (13.4)% reduction.

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 Diane Keegan, Treasurer, Margaretta Local School District, 305 S. Washington Street, Castalia, Ohio 44824.

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MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	5,095,649
Receivables:		
Property taxes		30,384,928
Accounts		5,736
Accrued interest		11
Intergovernmental		123,726
Leases		2,526
Prepayments		14,544
Materials and supplies inventory		1,950
Inventory held for resale		4,924
Net OPEB asset		1,285,426
Capital assets:		
Nondepreciable capital assets		4,837,979
Depreciable capital assets, net		6,872,555
Capital assets, net		11,710,534
Total assets		48,629,954
Deferred outflows of resources:		
Pension		3,641,299
OPEB		451,123
Total deferred outflows of resources		4,092,422
Liabilities:		
Accounts payable		20,246
Accrued wages and benefits payable		1,351,173
Intergovernmental payable		61,034
Pension and postemployment benefits payable		269,077
Accrued interest payable		4,665
Long-term liabilities:		
Due within one year		366,375
Due in more than one year:		
Net pension liability		14,840,767
Net OPEB liability		1,011,542
Other amounts due in more than one year		2,251,777
Total liabilities		20,176,656
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		13,420,306
Leases		2,415
Pension		1,773,366
OPEB		2,419,484
Total deferred inflows of resources		17,615,571
Net position:		
Net investment in capital assets		10,029,889
Restricted for:		
Capital projects		513,905
Federally funded programs		15,778
Food service operations		111,543
Extracurricular programs		162,113
Other purposes (OPEB)		737,550
Unrestricted		3,359,371
Total net position	$	14,930,149

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 5,999,508	$ 770,596	$ 438,035	$ (4,790,877)
Special	3,042,460	503,184	711,019	(1,828,257)
Vocational	442,895	-	39,772	(403,123)
Other	147,497	-	-	(147,497)
Support services:				
Pupil	838,354	-	159,376	(678,978)
Instructional staff	310,846	-	6,571	(304,275)
Board of education	468,245	-	-	(468,245)
Administration	1,477,256	-	-	(1,477,256)
Fiscal	513,563	-	-	(513,563)
Operations and maintenance	1,448,348	4,184	104,052	(1,340,112)
Pupil transportation	1,331,679	-	374,733	(956,946)
Central	144,863	1,855	4,430	(138,578)
Operation of non-instructional services:				
Food service operations	621,076	251,385	382,538	12,847
Other non-instructional services	141,001	-	37,205	(103,796)
Extracurricular activities	857,447	468,499	-	(388,948)
Interest and fiscal charges	74,058	-	-	(74,058)
Totals	$ 17,859,096	$ 1,999,703	$ 2,257,731	(13,601,662)
		General revenues:		
		Property taxes levied for:		
		General purposes		14,183,343
		Capital outlay		382,536
		Grants and entitlements not restricted to specific programs		5,199,722
		Investment earnings		94,729
		Miscellaneous		318,416
		Total general revenues		20,178,746
		Change in net position		6,577,084
		Net position at beginning of year		8,353,065
		Net position at end of year		$ 14,930,149

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 1,115,017	$ 3,117,909	$ 862,723	$ 5,095,649
Receivables:				
Property taxes	29,603,172	-	781,756	30,384,928
Accounts	5,453	-	283	5,736
Accrued interest	11	-	-	11
Interfund loans	39,049	-	-	39,049
Intergovernmental	64,019	-	59,707	123,726
Leases	2,526	-	-	2,526
Prepayments	13,140	-	1,404	14,544
Materials and supplies inventory	-	-	1,950	1,950
Inventory held for resale	-	-	4,924	4,924
Total assets	$ 30,842,387	$ 3,117,909	$ 1,712,747	$ 35,673,043
Liabilities:				
Accounts payable	$ 8,331	$ -	$ 11,915	$ 20,246
Accrued wages and benefits payable	1,297,863	-	53,310	1,351,173
Compensated absences payable	49,682	-	-	49,682
Intergovernmental payable	60,711	-	323	61,034
Pension and postemployment benefits payable	256,081	-	12,996	269,077
Interfund loans payable	-	-	39,049	39,049
Total liabilities	1,672,668	-	117,593	1,790,261
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	13,065,401	-	354,905	13,420,306
Delinquent property tax revenue not available	15,815,603	-	405,156	16,220,759
Miscellaneous revenue not available	5,453	-	-	5,453
Leases	2,415	-	-	2,415
Total deferred inflows of resources	28,888,872	-	760,061	29,648,933
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	1,950	1,950
Prepaids	13,140	-	1,404	14,544
Restricted:				
Capital projects	-	-	108,749	108,749
Food service operations	-	-	109,229	109,229
Federally funded programs	-	-	14,738	14,738
Extracurricular programs	-	-	162,113	162,113
Other purposes	-	-	436,910	436,910
Committed:				
Capital projects	-	3,117,909	-	3,117,909
Assigned:				
Student and staff support	69,042	-	-	69,042
Unassigned	198,665	-	-	198,665
Total fund balances	280,847	3,117,909	835,093	4,233,849
Total liabilities, deferred inflows and fund balances	$ 30,842,387	$ 3,117,909	$ 1,712,747	$ 35,673,043

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

Total governmental fund balances		$ 4,233,849
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,710,534
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 16,220,759	
Accounts receivable	5,453	
Total		16,226,212
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(4,665)
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	3,641,299	
Deferred inflows - pension	(1,773,366)	
Net pension liability	(14,840,767)	
Deferred outflows - OPEB	451,123	
Deferred inflows - OPEB	(2,419,484)	
Net OPEB asset	1,285,426	
Net OPEB liability	(1,011,542)	
Total		(14,667,311)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Notes payable - finance purchase obligations	(1,032,000)	
Compensated absences	(887,825)	
Leases payable	(168,645)	
Notes payable	(480,000)	
Total		(2,568,470)
Net position of governmental activities		$ 14,930,149

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 9,194,919	$ -	$ 255,218	$ 9,450,137
Intergovernmental	5,878,402	-	1,767,901	7,646,303
Investment earnings	94,729	-	4,326	99,055
Tuition and fees	785,161	-	-	785,161
Extracurricular	78,828	-	387,520	466,348
Rental income	2,250	-	-	2,250
Charges for services	499,451	-	255,174	754,625
Contributions and donations	4,880	-	34,844	39,724
Miscellaneous	313,536	-	38,607	352,143
Total revenues	16,852,156	-	2,743,590	19,595,746
Expenditures:				
Current:				
Instruction:				
Regular	5,495,854	-	495,666	5,991,520
Special	2,566,253	-	508,298	3,074,551
Vocational	393,287	-	5,537	398,824
Other	147,497	-	-	147,497
Support services:				
Pupil	882,551	-	34,912	917,463
Instructional staff	289,393	-	7,728	297,121
Board of education	363,225	103,483	2,049	468,757
Administration	1,484,153	-	-	1,484,153
Fiscal	529,748	-	1,262	531,010
Operations and maintenance	1,322,901	-	93,341	1,416,242
Pupil transportation	1,224,363	-	492,012	1,716,375
Central	139,110	-	8,016	147,126
Operation of non-instructional services:				
Food service operations	-	-	642,278	642,278
Other non-instructional services	96,662	-	44,339	141,001
Extracurricular activities	353,069	-	438,479	791,548
Facilities acquisition and construction	-	2,701,736	32,750	2,734,486
Debt service:				
Principal retirement	187,975	-	70,000	257,975
Interest and fiscal charges	57,008	-	17,768	74,776
Total expenditures	15,533,049	2,805,219	2,894,435	21,232,703
Excess (deficiency) of revenues over (under) expenditures	1,319,107	(2,805,219)	(150,845)	(1,636,957)
Other financing sources (uses):				
Transfers in	2,000,000	3,054,636	126,126	5,180,762
Transfers (out)	(3,180,762)	(2,000,000)	-	(5,180,762)
Total other financing sources (uses)	(1,180,762)	1,054,636	126,126	-
Net change in fund balances	138,345	(1,750,583)	(24,719)	(1,636,957)
Fund balances at beginning of year	142,502	4,868,492	858,289	5,869,283
Change in reserve for inventory	-	-	1,523	1,523
Fund balances at end of year	$ 280,847	$ 3,117,909	$ 835,093	$ 4,233,849

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ (1,636,957)
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	$ 3,264,218	
Current year depreciation/amortization	(488,172)	
Total		2,776,046
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(29,781)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		1,523
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	5,115,742	
Contract services	(10,832)	
Intergovernmental	(264,476)	
Total		4,840,434
Repayment of note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		257,975
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:		718
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,342,321	
OPEB	56,045	
Total		1,398,366
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	(1,319,193)	
OPEB	337,633	
Total		(981,560)
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.		(49,680)
Change in net position of governmental activities		$ 6,577,084

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 10,727,383	$ 11,202,881	$ 9,551,878	$ (1,651,003)
Intergovernmental	6,539,238	6,829,093	5,822,668	(1,006,425)
Investment earnings	106,211	110,918	94,572	(16,346)
Tuition and fees	881,788	920,873	785,161	(135,712)
Rental income	2,695	2,815	2,400	(415)
Charges for services	560,916	585,779	499,451	(86,328)
Miscellaneous	352,123	367,731	313,537	(54,194)
Total revenues	19,170,354	20,020,090	17,069,667	(2,950,423)
Expenditures:				
Current:				
Instruction:				
Regular	11,893,892	12,873,039	5,436,884	7,436,155
Special	1,434,010	1,433,865	2,606,808	(1,172,943)
Vocational	-	-	397,726	(397,726)
Other	-	-	147,497	(147,497)
Support services:				
Pupil	-	-	933,157	(933,157)
Instructional staff	-	1,540	289,572	(288,032)
Board of education	-	68,202	366,255	(298,053)
Administration	-	-	1,475,760	(1,475,760)
Fiscal	200,735	200,715	523,257	(322,542)
Operations and maintenance	-	16,454	1,322,447	(1,305,993)
Pupil transportation	648,798	648,733	1,246,958	(598,225)
Central	-	-	139,632	(139,632)
Extracurricular activities	-	-	357,475	(357,475)
Debt service:				
Principal	149,000	149,000	149,000	-
Interest and fiscal charges	49,007	49,062	49,061	1
Total expenditures	14,375,442	15,440,610	15,441,489	(879)
Excess of revenues over expenditures	4,794,912	4,579,480	1,628,178	(2,951,302)
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	6,176	6,176
Transfers in	-	-	2,944,249	2,944,249
Transfers (out)	(2,230,045)	(4,183,261)	(4,125,011)	58,250
Advances (out)	-	-	(39,049)	(39,049)
Total other financing sources (uses)	(2,230,045)	(4,183,261)	(1,213,635)	2,969,626
Net change in fund balance	2,564,867	396,219	414,543	18,324
Fund balance at beginning of year	631,130	631,130	631,130	-
Fund balance at end of year	$ 3,196,195	$ 1,027,547	$ 1,045,871	$ 18,324

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Margaretta Local School District ("District") operates under a locally-elected five-member Board form of government and provides educational services mandated by State and/or federal agencies. Located in Erie County, the District serves the Village of Castalia and surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a District to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates 1 elementary school and 1 high school. It employs 62 non-certified employees and 107 certified (including administrative) employees to provide services to approximately 1,029 students.

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).

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

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

JOINTLY GOVERNED ORGANIZATIONS

Bay Area Council of Governments
The Bay Area Council of Governments (BACG) is a jointly governed organization. Members of the BACG consist of 26 school districts representing 7 counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if it participates in purchasing through the BACG. The membership of BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consists of one elected representative of each county, the superintendent of the fiscal agent and two non-voting members (administrator and fiscal agent). Members of the Board serve staggered two-year terms. During 2023, the District paid $33,389 for goods and services provided by BACG. Financial information can be obtained by contacting the North Point Educational Service Center, which serves as fiscal agent, at 4918 Milan Road, Sandusky, Ohio 44870.

Northern Ohio Educational Computer Association
The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization, which is a computer consortium. NOECA is an association of 41 public school districts 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. During 2023, the District paid $64,620 to NOECA. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from NOECA, 4918 Milan Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOLS

Workers' Compensation Group Rating Program
The District participates in the Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OSBA and administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program.

Schools of Ohio Risk Sharing Authority
The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and persons. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Huron-Erie School Employees Insurance Association
The Huron-Erie School Employees Insurance Association (Association) is a public entity risk pool comprised of several districts. The Association assembly consists of a superintendent or designated representative from each participating district and the program administrator. The Association is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the Board. Financial information can be obtained by contacting the program administrator at the Huron-Erie School Employees Insurance Association, located at 4918 Milan Road, Sandusky, Ohio 44870.

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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 is the District's major governmental fund:

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.

Capital projects fund - The capital projects fund is used to account for transfers in that are committed to be used for building projects of the District.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds at June 30, 2023.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District had no fiduciary funds at June 30, 2023.

C. Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements included the financial activities of the primary government.

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.

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

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. The 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.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset 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 in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund, function, object level for the general fund and at the fund level for all other funds.

Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Tax Budget:

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

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the original and final certificates of estimated resources issued during the fiscal year.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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 budget amounts reflect the first appropriation for the fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of control.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability.

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 cash equivalents" on the basic financial statements.

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

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to $94,729, which includes $79,255 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 investment account at fiscal year end is provided in Note 4.

G. Inventory

On government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide financial statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a 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. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2023, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

General capital assets are those assets specifically related to activities reported in the governmental funds. These 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.

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Land improvements	5 - 25 years
Buildings and improvements	10 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 years
Intangible leased assets	5 years
SBITA assets	5 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.

J. Interfund Balances

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

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 severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service regardless of their age were considered expected to become eligible in accordance with GASB Statement No. 16.

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. 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 and in full from current financial resources are reported as obligations of the funds. However, compensated absences and claims and judgments 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. 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 are 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 fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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. Net position restricted for other purposes includes amounts restricted for special trust and other grant operations.

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

O. 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.

P. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Q. 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 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.

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

R. Extraordinary and Special Items

Extraordinary items are significant transactions or events that are both unusual in nature and infrequent in occurrence. Special items are significant transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2023.

S. Fair Value

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

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

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

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

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the District.

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

8. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

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. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits, was $5,089,995, as of June 30, 2023, $1,482,528 of the District's bank balance of $5,131,666 was exposed to custodial risk as discussed below, while $3,649,138 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Financial institutions which have received an extension (the "grace period") from the Ohio Treasurer of State to participate in the OPCS beyond June 30, 2023 may also pledge a single pool of eligible securities to secure the repayment of all public moneys deposited in the institution and not otherwise secured pursuant to law, provided that at all times the total fair value of the securities so pledged is at least equal to 102% of the total amount of all public deposits to be secured by the pooled securities that are not covered by any federal deposit insurance.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

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

		Investment Maturities
Investment/measurement type	Measurement Value	6 months or less
Amortized cost:		
STAR Ohio	$ 5,654	$ 5,654
Total	$ 5,654	$ 5,654

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

Credit Risk: Standard & Poor's has assigned its STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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 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.

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

Investment/measurement type	Measurement Value	% of Total
Amortized cost:		
STAR Ohio	$ 5,654	100.00
Total	$ 5,654	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2023:

Cash and investments per note	
Carrying amount of deposits	$ 5,089,995
Investments	5,654
Total	$ 5,095,649
Cash and cash equivalents per statement of net position	
Governmental activities	$ 5,095,649

NOTE 5 - INTERFUND TRANSACTIONS

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

Tranfers from the general fund to:	Amount
Capital projects fund	$ 3,054,636
Nonmajor governmental funds	126,126
Transfers from the capital projects fund to:	
General fund	2,000,000
Total	$ 5,180,762

Transfers are used to move revenues from the fund that statute or budget required 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. Transfers from the general fund to the capital projects fund were to create a reserve to build a new Pk-12 school using Nexus pipeline tax revenue. In turn transfers back from the capital projects fund to the general fund was to help alleviate a negative general fund balance.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

B. Interfund balances at June 30, 2023 as reported on the fund statements, consist of the following interfund loans receivables and payable:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	$ 39,049

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2023 are reported on the statement of net position.

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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 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually.

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

The District receives property taxes from Erie County and Sandusky County. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was $722,168 in the general fund and $21,695 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2022 was $1,079,127 in the general fund and $32,896 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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 of resources.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 206,318,700	56.83	$ 209,428,580	58.83
Public utility personal	156,750,870	43.17	146,581,540	41.17
Total	$ 363,069,570	100.00	$ 356,010,120	100.00
Tax rate per $1,000 of assessed valuation	$60.05		$60.20	

NOTE 7 - RECEIVABLES

A. Other Receivables

Receivables at June 30, 2023 consisted of property 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.

Governmental Activities:		
Property taxes	$	30,384,928
Accounts receivable		5,736
Accrued interest		11
Intergovernmental		136,872
Leases		2,526
Total Receivable	$	30,530,073

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

B. Leases Receivable

The District is reporting leases receivable of $2,526 in the general fund. For fiscal year 2023, the District recognized lease revenue of $2,229, which is reported in rental income and interest revenue of $177.

The District has entered into a lease agreement for land as follows:

Lease	Lease Commencement Date	Years	Lease End Date	Payment Method
Land Lease	2021	4	2024	Monthly

Fiscal Year		Principal		Interest		Total
2024	$	2,327	$	73	$	2,400
2025		199		1		200
Total	$	2,526	$	74	$	2,600

NOTE 8 - CAPITAL ASSETS

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

Governmental activities:	Balance 06/30/2022	Additions	Deductions	Balance 06/30/2023
Capital assets, not being depreciated/amortized:				
Land	$ 174,892	$ -	$ -	$ 174,892
Construction in progress	1,961,351	2,701,736	-	4,663,087
Total capital assets, non being depreciated/amortized	2,136,243	2,701,736	-	4,837,979
Capital assets, being depreciated/amortized:				
Land improvements	2,192,481	59,920	-	2,252,401
Building and improvements	10,959,519	-	-	10,959,519
Furniture and equipment	1,089,974	-	-	1,089,974
Vehicles	1,810,197	490,113	(333,588)	1,966,722
Right to use: leased equipment	211,198	-	-	211,198
Right to use: SBITAs	-	12,449	-	12,449
Total capital assets, being depreciated/amortized	16,263,369	562,482	(333,588)	16,492,263
Less: accumulated depreciation/amortization:				
Land improvements	(1,333,901)	(67,370)	-	(1,401,271)
Building and improvements	(6,055,203)	(214,206)	-	(6,269,409)
Furniture and equipment	(841,210)	(30,786)	-	(871,996)
Vehicles	(1,200,970)	(129,819)	303,807	(1,026,982)
Right to use: leased equipment	(4,059)	(42,239)	-	(46,298)
Right to use: SBITAs	-	(3,752)	-	(3,752)
Total accumulated depreciation/amortization	(9,435,343)	(488,172)	303,807	(9,619,708)
Governmental activities capital assets, net	$ 8,964,269	$ 2,776,046	$ (29,781)	$ 11,710,534

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

Instruction:	
Regular	$ 179,743
Support services:	
Instructional staff	41,593
Administration	5,667
Fiscal	646
Operations and maintenance	36,532
Pupil transportation	138,771
Operation of non-instructional services:	
Extracurricular	79,912
Food service operations	5,308
Total depreciation/amortization expense	$ 488,172

NOTE 9 - NOTES PAYABLE - FINANCE PURCHASES

During a prior fiscal year, the District entered into a notes payable - finance purchase agreement with Columbus Regional Airport Authority to finance the construction of 4 classrooms, a gymnasium, computer lab, and a library to the Bogart Elementary School Building and improvements to the central office located in that building. This agreement transfers benefits and risks of ownership to the District. These are direct borrowings that are collateralized by the related equipment and buildings.

Capital assets acquired by the notes payable - finance purchase agreements have been capitalized in the amount of $2,764,450. Accumulated depreciation at June 30, 2023 was $808,602 leaving a book value of $1,955,848. Principal payments have been reflected as debt service expenditures in the general fund. There was $149,000 in principal payments in fiscal year 2023.

The following is a schedule of the future long-term minimum finance purchase payments required under the notes payable - finance purchase agreement and the present value of the minimum finance purchase payments as of June 30, 2023.

Fiscal Year Ending June 30,	Total
2024	$ 195,380
2025	195,691
2026	194,728
2027	194,491
2028	383,958
Total minimum finance purchase payments	1,164,248
Less: amount representing interest	(132,248)
Present value of minimum finance purcahse payments	$ 1,032,000

NOTE 10 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations during the year consist of the following.

	Balance Outstanding 06/30/2022	Additions	Reductions	Balance Outstanding 06/30/2023	Amounts Due in One Year
Notes payable - finance purchase obligation	$ 1,181,000	$ -	$ (149,000)	$ 1,032,000	$ 155,000
2018 Tax anticipation note	550,000	-	(70,000)	480,000	75,000
Leases payable	207,620	-	(38,975)	168,645	40,642
Net pension liability	9,201,345	5,639,422	-	14,840,767	-
Net OPEB liability	1,339,267	-	(327,725)	1,011,542	-
Compensated absences	913,402	162,894	(138,789)	937,507	95,733
Total governmental activities	$ 13,392,634	$ 5,802,316	$ (724,489)	$ 18,470,461	$ 366,375

Notes Payable – Finance Purchase Obligation: See Note 9 for detail on the District's notes payable – finance purchase agreements.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Net Pension Liability: See Note 13 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: See Note 14 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

Tax Anticipation Notes, Series 2018: On May 21, 2018, the District issued tax anticipation notes for the purpose of general construction. These notes are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position.

The notes were issued in the amount of $750,000 and mature on December 1, 2028. The stated interest rate of the notes is 3.45% and interest payments are due on June 1 and December 1 of each year. Principal and interest payments are made from the permanent improvement fund (a nonmajor governmental fund).

The following is a summary of the future debt service requirements to maturity for the tax anticipation notes:

Fiscal Year	Tax Anticipation Notes		
Ending June 30,	Principal	Interest	Total
2024	$ 75,000	$ 15,266	$ 90,266
2025	75,000	12,679	87,679
2026	80,000	10,006	90,006
2027	80,000	7,246	87,246
2028	85,000	4,399	89,399
2029	85,000	1,466	86,466
Total	$ 480,000	$ 51,062	$ 531,062

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District, is primarily the general fund and the food service fund (a nonmajor governmental fund).

Leases Payable: The District has entered into lease agreements for the user of right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier machines and postage machines with multiple companies at varying years and terms as follows:

Lease	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier Lease	2021	5	2026	Monthly
Postage Lease	2022	5	2027	Monthly

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Lease payments will paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2024	$ 40,642	$ 6,288	$ 46,930
2025	42,393	4,538	46,931
2026	44,232	2,699	46,931
2027	41,378	832	42,210
Total	$ 168,645	$ 14,357	$ 183,002

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of $32,040,938 and an unvoted debt margin of $356,010.

NOTE 11 - 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 twenty-one 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.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for thirty-three percent of the total sick leave accumulation, up to a maximum accumulation allowed by labor contracts. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance in the amount of $150,000 to the Superintendent, $75,000 to Administrators, Supervisors and Treasurer, $50,000 to certified staff members and $10,000 to $20,000 to all other classified employees.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

Limits of Coverage	Carrier	Coverage
General liability:		
Per occurrence/	SORSA Insurance	$15,000,000
Aggregate		17,000,000
Fleet:		
Comprehensive	SORSA Insurance	15,000,000
Collision		
Building and contents	SORSA Insurance	51,194,347

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year, with the exception of building and contents insurance.

B. Huron-Erie School Employees Insurance Association

The District has contracted with the Huron-Erie School Employees Insurance Association (Association) to provide medical/surgical, prescription drug and dental insurance benefits for its employees and their covered dependents. The Association is a shared risk pool comprised of several school districts that provide public education within Erie and Huron Counties. The Districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow.

In the event of withdrawal, the District shall assume and be responsible for payment of all claims of its eligible employees, families, and dependents from the effective date of withdrawal, regardless of when such claims were incurred, processed, or presented to the Association, insurance provider, insurance consultant, or any other appropriate or authorized person or representative; provided further, any such claims, which are paid after the effective date of withdrawal by the Association insurance provider or insurance consultant, or charged to such parties, shall be reimbursed in full by any withdrawing member upon demand of the Association.

Post-employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 15. As such, no funding provisions are required by the District.

NOTE 12 - RISK MANAGEMENT - (Continued)

C. OSBA Workers' Compensation Group Rating Plan

For fiscal year 2023, the District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Plan (the "Plan"), an insurance purchasing pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Comp Management provides administrative, cost control and actuarial services to the Plan.

NOTE 13 - 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 14 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 pension and postemployment benefits 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.

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The District's contractually required contribution to SERS was $431,650 for fiscal year 2023. Of this amount, $61,104 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 and after termination of employment.

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

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

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

The District's contractually required contribution to STRS was $910,671 for fiscal year 2023. Of this amount, $151,928 is reported as pension and postemployment benefits payable.

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

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

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.068776800%	0.052117421%	
Proportion of the net pension liability current measurement date	0.070349200%	0.049643150%	
Change in proportionate share	0.001572400%	-0.002474271%	
Proportionate share of the net pension liability	$ 3,805,032	$ 11,035,735	$ 14,840,767
Pension expense	$ 192,549	$ 1,126,644	$ 1,319,193

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 154,107	$ 141,270	$ 295,377
Net difference between projected and actual earnings on pension plan investments	-	384,016	384,016
Changes of assumptions	37,544	1,320,646	1,358,190
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	112,554	148,841	261,395
Contributions subsequent to the measurement date	431,650	910,671	1,342,321
Total deferred outflows of resources	$ 735,855	$ 2,905,444	$ 3,641,299

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 24,980	$ 42,214	$ 67,194
Net difference between projected and actual earnings on pension plan investments	132,781	-	132,781
Changes of assumptions	-	994,066	994,066
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	579,325	579,325
Total deferred inflows of resources	$ 157,761	$ 1,615,605	$ 1,773,366

$1,342,321 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ 58,935	$ (488,353)	$ (429,418)
2025	47,835	(521,124)	(473,289)
2026	(12,819)	(724,622)	(737,441)
2027	52,493	2,113,267	2,165,760
Total	$ 146,444	$ 379,168	$ 525,612

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 5,600,825	$ 3,805,032	$ 2,292,100

Actuarial Assumptions - STRS

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

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

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

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

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 16,670,978	$ 11,035,735	$ 6,270,064

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 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, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was $56,045.

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 $56,045 for fiscal year 2023. Of this amount, $56,045 is reported as pension and postemployment benefits payable.

NOTE 14 - 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.070764000%	0.052117421%	
Proportion of the net OPEB liability/asset current measurement date	0.072046600%	0.049643150%	
Change in proportionate share	0.001282600%	-0.002474271%	
Proportionate share of the net OPEB liability	$ 1,011,542	$ -	$ 1,011,542
Proportionate share of the net OPEB asset	$ -	$ (1,285,426)	$ (1,285,426)
OPEB expense	$ (125,024)	$ (212,609)	$ (337,633)

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 8,503	$ 18,634	$ 27,137
Net difference between projected and actual earnings on OPEB plan investments	5,256	22,373	27,629
Changes of assumptions	160,901	54,755	215,656
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	97,500	27,156	124,656
Contributions subsequent to the measurement date	56,045	-	56,045
Total deferred outflows of resources	$ 328,205	$ 122,918	$ 451,123

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 647,054	$ 193,046	$ 840,100
Changes of assumptions	415,243	911,495	1,326,738
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	249,483	3,163	252,646
Total deferred inflows of resources	$ 1,311,780	$ 1,107,704	$ 2,419,484

$56,045 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (259,371)	$ (275,790)	$ (535,161)
2025	(264,176)	(286,845)	(551,021)
2026	(220,300)	(138,482)	(358,782)
2027	(116,287)	(57,326)	(173,613)
2028	(66,090)	(74,749)	(140,839)
Thereafter	(113,396)	(151,594)	(264,990)
Total	$ (1,039,620)	$ (984,786)	$ (2,024,406)

NOTE 14 - 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, 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	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,256,350	$ 1,011,542	$ 813,915

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 780,080	$ 1,011,542	$ 1,313,868

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NOTE 14 - 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, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

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

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT OPEB 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 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,190,329	$ 1,285,426	$ 1,368,587

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,333,300	$ 1,285,426	$ 1,224,998

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund 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);

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

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

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

Net Change in Fund Balance

	General fund
Budget basis	$ 414,543
Net adjustment for revenue accruals	(301,219)
Net adjustment for expenditure accruals	5,102
Net adjustment for other financing sources/(uses)	32,873
Funds budgeted elsewhere	(12,954)
GAAP basis	$ 138,345

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is not party to legal proceedings which, in the opinion of District management, will have a material effect, if any, on the financial condition of the District.

C. Foundation Funding

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

NOTE 17 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2022	$ -
Current year set-aside requirement	225,841
Current year offsets	(254,397)
Total	$ (28,556)
Balance carried forward to fiscal year 2024	$ -
Set-aside balance June 30, 2023	$ -

The District issued $750,000 in tax anticipation notes for capital improvements. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from debt proceeds is limited to an amount needed to reduce the capital improvements set-aside balance to $0. The District is responsible for tracking the amount of debt proceeds that may be used as an offset in future periods, which was $729,279 at June 30, 2023.

NOTE 18 - 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 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

REQUIRED SUPPLEMENTARY INFORMATION

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020
District's proportion of the net pension liability	0.07034920%	0.06877680%	0.06550770%	0.07350100%
District's proportionate share of the net pension liability	$ 3,805,032	$ 2,537,664	$ 4,332,817	$ 4,397,694
District's covered payroll	$ 2,707,150	$ 2,418,400	$ 2,039,593	$ 2,483,341
District's proportionate share of the net pension liability as a percentage of its covered payroll	140.55%	104.93%	212.44%	177.09%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.08458360%	0.08072990%	0.07475990%	0.07486720%	0.07105400%	0.07105400%
$ 4,844,259	$ 4,823,433	$ 5,471,735	$ 4,271,995	$ 3,596,002	$ 4,225,353
$ 3,096,904	$ 2,640,457	$ 2,346,193	$ 2,253,892	$ 2,064,690	$ 2,019,790
156.42%	182.67%	233.22%	189.54%	174.17%	209.20%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	**2022**	**2021**	**2020**
District's proportion of the net pension liability	0.049643150%	0.052117421%	0.05090363%	0.05224935%
District's proportionate share of the net pension liability	$ 11,035,735	$ 6,663,681	$ 12,316,867	$ 11,554,630
District's covered payroll	$ 6,343,386	$ 6,592,664	$ 6,115,071	$ 6,101,164
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.97%	101.08%	201.42%	189.38%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019		2018		2017		2016		2015		2014
	0.05291178%		0.05214028%		0.05010591%		0.04876522%		0.04801106%		0.04801106%
$	11,634,112	$	12,386,035	$	16,771,958	$	13,477,280	$	11,677,951	$	13,910,699
$	6,121,464	$	5,806,614	$	5,277,221	$	5,087,836	$	4,905,408	$	4,927,808
	190.05%		213.31%		317.82%		264.89%		238.06%		282.29%
	77.31%		75.30%		66.80%		72.10%		74.70%		69.30%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020
Contractually required contribution	$ 431,650	$ 379,001	$ 338,576	$ 285,543
Contributions in relation to the contractually required contribution	(431,650)	(379,001)	(338,576)	(285,543)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,083,214	$ 2,707,150	$ 2,418,400	$ 2,039,593
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ 335,251	$ 418,082	$ 369,664	$ 328,467	$ 297,063	$ 286,166
	(335,251)	(418,082)	(369,664)	(328,467)	(297,063)	(286,166)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 2,483,341	$ 3,096,904	$ 2,640,457	$ 2,346,193	$ 2,253,892	$ 2,064,690
	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	**2022**	**2021**	**2020**
Contractually required contribution	$ 910,671	$ 888,074	$ 922,973	$ 856,110
Contributions in relation to the contractually required contribution	(910,671)	(888,074)	(922,973)	(856,110)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,504,793	$ 6,343,386	$ 6,592,664	$ 6,115,071
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	854,163	$	857,005	$	812,926	$	738,811	$	712,297	$	637,703
	(854,163)		(857,005)		(812,926)		(738,811)		(712,297)		(637,703)
$	-	$	-	$	-	$	-	$	-	$	-
$	6,101,164	$	6,121,464	$	5,806,614	$	5,277,221	$	5,087,836	$	4,905,408
	14.00%		14.00%		14.00%		14.00%		14.00%		13.00%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020
District's proportion of the net OPEB liability	0.07204660%	0.07076400%	0.06732980%	0.07522830%
District's proportionate share of the net OPEB liability	$ 1,011,542	$ 1,339,267	$ 1,463,297	$ 1,891,834
District's covered payroll	$ 2,707,150	$ 2,418,400	$ 2,039,593	$ 2,483,341
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	37.37%	55.38%	71.74%	76.18%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017
0.08527840%	0.08199350%	0.07586720%
$ 2,365,853	$ 2,200,490	$ 2,162,496
$ 3,096,904	$ 2,640,457	$ 2,346,193
76.39%	83.34%	92.17%
13.57%	12.46%	11.49%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020
District's proportion of the net OPEB liability/asset	0.049643150%	0.052117421%	0.05090363%	0.05224935%
District's proportionate share of the net OPEB liability/(asset)	$ (1,285,426)	$ (1,098,853)	$ (894,631)	$ (865,374)
District's covered payroll	$ 6,343,386	$ 6,592,664	$ 6,115,071	$ 6,101,164
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	20.26%	16.67%	14.63%	14.18%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017
	0.05291178%	0.05214028%	0.05010591%
	$ (850,238)	$ 2,034,321	$ 2,679,677
	$ 6,121,464	$ 5,806,614	$ 5,277,221
	13.89%	35.03%	50.78%
	176.00%	47.10%	37.33%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020
Contractually required contribution	$ 56,045	$ 47,633	$ 44,749	$ 42,108
Contributions in relation to the contractually required contribution	(56,045)	(47,633)	(44,749)	(42,108)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,083,214	$ 2,707,150	$ 2,418,400	$ 2,039,593
Contributions as a percentage of covered payroll	1.82%	1.76%	1.85%	2.06%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ 57,885	$ 59,195	$ 45,018	$ 38,845	$ 50,092	$ 33,089
	(57,885)	(59,195)	(45,018)	(38,845)	(50,092)	(33,089)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 2,483,341	$ 3,096,904	$ 2,640,457	$ 2,346,193	$ 2,253,892	$ 2,064,690
	2.33%	1.91%	1.70%	1.66%	2.22%	1.60%

MARGARETTA LOCAL SCHOOL DISTRICT
ERIE COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

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

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,504,793	$ 6,343,386	$ 6,592,664	$ 6,115,071
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ 50,401
-	-	-	-	-	(50,401)
$ -	$ -	$ -	$ -	$ -	$ -
$ 6,101,164	$ 6,121,464	$ 5,806,614	$ 5,277,221	$ 5,087,836	$ 4,905,408
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

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

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

(Continued)

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

Changes in assumptions :
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

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

Changes in assumptions :

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

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

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

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.

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

(Continued)

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

Changes in assumptions (continued) :

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

- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) 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.