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PASSION Beyond the Numbers

# LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT
## FAIRFIELD COUNTY

## SINGLE AUDIT
## FOR THE YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

Board of Education
Liberty Union-Thurston Local School District
1108 South Main Street
Baltimore, Ohio 43105

We have reviewed the *Independent Auditor's Report* of the Liberty Union-Thurston Local School District, Fairfield County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 23, 2023

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**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

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Liberty Union-Thurston Local School District
Fairfield County
1108 South Main Street
Baltimore, Ohio 43105

To the Board of Education:

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Liberty Union-Thurston Local School District,** Fairfield County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Union-Thurston Local School District, Fairfield County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

**Perry and Associates**
Certified Public Accountants, A.C.
*Marietta, Ohio*

January 3, 2023

The management's discussion and analysis of the Liberty Union-Thurston 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, 2022. 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 2022 are as follows:

- In total, net position of governmental activities increased $2,053,898 which represents a 10.99% increase from fiscal year 2021's net position.

- General revenues accounted for $16,435,675 or 80.21% of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for $4,055,992 or 19.79% of total revenues of $20,491,667.

- The District had $18,437,769 in expenses related to governmental activities; $4,055,992 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $16,435,675 were adequate to provide for these programs.

- The District's major governmental fund is the general fund. The general fund had $17,260,799 in revenues and $16,781,942 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance increased from $11,638,671 to $12,117,528.

**Using the Basic Financial Statements**

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

**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 2022?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. 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 is the general 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* that 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 to 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.

***Proprietary Funds***

The District maintains a proprietary fund which is classified as an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for medical, vision, dental and prescription benefits self-insurance.

***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***

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and the net OPEB liability/asset of the retirement systems. It also includes a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table on the following page provides a summary of the District's net position at June 30, 2022 and June 30, 2021.

**Net Position**

| | Governmental Activities 2022 | Restated Governmental Activities 2021 |
|---|---|---|
| **Assets** | | |
| Current and other assets | $ 24,310,033 | $ 23,317,181 |
| Capital assets, net | 22,539,563 | 22,467,766 |
| Total assets | 46,849,596 | 45,784,947 |
| **Deferred outflows** | | |
| Deferred charges on debt refunding | 79,427 | 97,411 |
| Pension | 3,861,085 | 3,392,474 |
| OPEB | 495,011 | 529,983 |
| Total deferred outflows | 4,435,523 | 4,019,868 |
| **Liabilities** | | |
| Current liabilities | 2,385,996 | 1,782,555 |
| Long-term liabilities: | | |
| Due within one year | 703,703 | 733,239 |
| Due in more than one year: | | |
| Net pension liability | 9,073,683 | 17,140,803 |
| Net OPEB liability | 1,268,079 | 1,410,157 |
| Other amounts | 2,971,085 | 3,501,711 |
| Total liabilities | 16,402,546 | 24,568,465 |
| **Deferred inflows** | | |
| Property taxes | 4,567,341 | 4,280,679 |
| Pension | 7,483,000 | 309,578 |
| OPEB | 2,088,113 | 1,955,872 |
| Total deferred inflows | 14,138,454 | 6,546,129 |
| **Net position** | | |
| Net investment in capital assets | 19,661,283 | 19,448,940 |
| Restricted | 2,140,506 | 1,956,934 |
| Unrestricted (deficit) | (1,057,670) | (2,715,653) |
| Total net position | $ 20,744,119 | $ 18,690,221 |

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.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. 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, 2022, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $20,744,119.

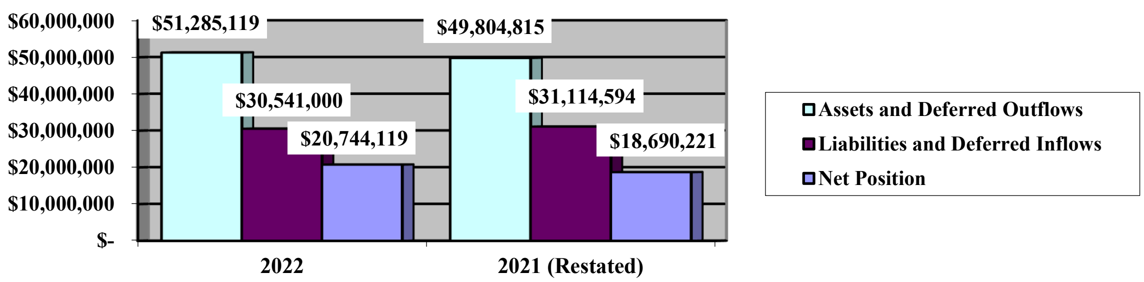
As the previous table illustrates, the most significant changes in net position were related to the District's net pension liability and net OPEB liability, and the related deferred inflows/outflows of resources. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which caused a large increase in their respective fiduciary net positions. See Notes 13 and 14 in the notes to the basic financial statements for additional information regarding these components of net position.

At year end, capital assets represented 48.11% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. The net investment in capital assets at June 30, 2022, was $19,661,283. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, $2,140,506, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $1,057,670.

The graph below shows the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position at June 30, 2022 and June 30, 2021.

**Governmental Activities**




The following table shows the change in net position for fiscal years 2022 and 2021.

| | Governmental Activities 2022 | Governmental Activities 2021 |
|---|---|---|
| **Revenues** | | |
| Program revenues: | | |
| Charges for services and sales | $ 748,470 | $ 1,055,372 |
| Operating grants and contributions | 3,307,522 | 2,511,745 |
| Capital grants and contributions | - | 41,698 |
| General revenues: | | |
| Property taxes | 4,747,072 | 5,083,814 |
| Income taxes | 4,511,797 | 4,077,021 |
| Grants and entitlements | 7,106,798 | 6,455,951 |
| Investment earnings | 18,643 | 14,526 |
| Miscellaneous | 51,365 | 147,393 |
| Total revenues | 20,491,667 | 19,387,520 |

- Continued

**Change in Net Position (Continued)**

| | Governmental Activities 2022 | Governmental Activities 2021 |
|---|---|---|
| **Expenses** | | |
| Program expenses: | | |
| Instruction: | | |
| Regular | $ 6,738,578 | $ 7,056,686 |
| Special | 3,270,817 | 3,564,958 |
| Vocational | 405,197 | 383,484 |
| Other | 44,532 | 35,203 |
| Support services: | | |
| Pupil | 901,754 | 876,463 |
| Instructional staff | 663,874 | 701,451 |
| Board of education | 138,210 | 115,695 |
| Administration | 1,173,679 | 1,253,123 |
| Fiscal | 593,703 | 595,843 |
| Operations and maintenance | 2,047,232 | 2,220,696 |
| Pupil transportation | 929,169 | 809,159 |
| Central | 190,457 | 265,020 |
| Operation of non-instructional services | 553,072 | 458,098 |
| Extracurricular activities | 727,525 | 664,842 |
| Interest and fiscal charges | 59,970 | 80,135 |
| Total expenses | 18,437,769 | 19,080,856 |
| Change in net position | 2,053,898 | 306,664 |
| Net position at beginning of year | 18,690,221 | 18,383,557 |
| Net position at end of year | $ 20,744,119 | $ 18,690,221 |

**Governmental Activities**

Net position of the District's governmental activities increased $2,053,898. Total governmental expenses of $18,437,769 were offset by program revenues of $4,055,992 and general revenues of $16,435,675. Program revenues supported 22.00% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from taxes and unrestricted grants and entitlements. These revenue sources represent 79.86% of total governmental revenue. The overall increase in revenues was $1,104,147 or 5.70%. The increase in income taxes revenue is primarily due to an increase in collections after the COVID-19 pandemic. Revenues were also enhanced by additional federal grants in fiscal year 2022, in particular grants for COVID relief funding.

Overall, expenses of the governmental activities were comparable to the prior year, decreasing $643,087 or 3.37%. The District's largest expense is for its instructional programs. Instruction expenses amounted to $10,459,124 in fiscal year 2022, or 56.73% of total 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.

The following is a comparison of fiscal years 2022 and 2021.

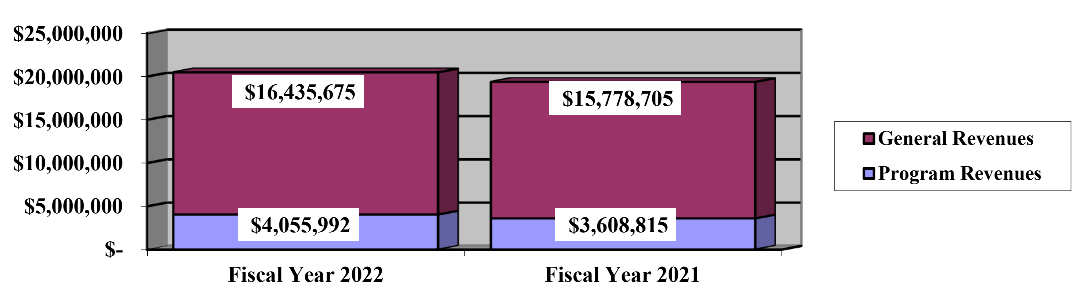
**Governmental Activities**

| | Total Cost of Services 2022 | Net Cost of Services 2022 | Total Cost of Services 2021 | Net Cost of Services 2021 |
|---|---|---|---|---|
| **Program expenses** | | | | |
| Instruction: | | | | |
| Regular | $ 6,738,578 | $ 6,243,411 | $ 7,056,686 | $ 6,230,681 |
| Special | 3,270,817 | 1,981,528 | 3,564,958 | 2,373,817 |
| Vocational | 405,197 | 278,291 | 383,484 | 268,024 |
| Other | 44,532 | 44,532 | 35,203 | 35,203 |
| Support services: | | | | |
| Pupil | 901,754 | 631,537 | 876,463 | 354,905 |
| Instructional staff | 663,874 | 599,517 | 701,451 | 608,198 |
| Board of education | 138,210 | 138,210 | 115,695 | 115,695 |
| Administration | 1,173,679 | 1,112,221 | 1,253,123 | 1,198,367 |
| Fiscal | 593,703 | 593,703 | 595,843 | 592,911 |
| Operations and maintenance | 2,047,232 | 1,975,993 | 2,220,696 | 2,164,662 |
| Pupil transportation | 929,169 | 795,308 | 809,159 | 708,573 |
| Central | 190,457 | 190,457 | 265,020 | 265,020 |
| Operation of non-instructional services: | | | | |
| Food service operations | 551,450 | (248,457) | 398,991 | 43,151 |
| Other non-instructional services | 1,622 | - | 59,107 | - |
| Extracurricular activities | 727,525 | (14,444) | 664,842 | 432,699 |
| Interest and fiscal charges | 59,970 | 59,970 | 80,135 | 80,135 |
| Total expenses | $ 18,437,769 | $ 14,381,777 | $ 19,080,856 | $ 15,472,041 |

The dependence upon tax and other general revenues for governmental activities is apparent, as 81.73% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78.00%. The District's taxpayers, and grants and entitlements received from the State of Ohio, as a whole, are the primary support for District's students.

The following graph presents the District's governmental activities revenue for fiscal year 2022 and 2021.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of $14,621,563, which is $642,661 more than last year's total of $13,978,902. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

| | Fund Balance June 30, 2022 | Fund Balance June 30, 2021 | Change | Percentage Change |
|---|---|---|---|---|
| General | $ 12,117,528 | $ 11,638,671 | $ 478,857 | 4.11 % |
| Other Governmental | 2,504,035 | 2,340,231 | 163,804 | 7.00 % |
| Total | $ 14,621,563 | $ 13,978,902 | $ 642,661 | 4.60 % |

***General Fund***

The District's general fund balance increased $478,857 or 4.11%. The table that follows assists in illustrating the revenues of the general fund during fiscal years 2022 and 2021.

| | 2022 Amount | 2021 Amount | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| **Revenues** | | | | |
| Property taxes | $ 4,264,532 | $ 4,371,703 | $ (107,171) | (2.45) % |
| Income taxes | 4,470,495 | 4,133,286 | 337,209 | 8.16 % |
| Tuition and fees | 342,144 | 851,179 | (509,035) | (59.80) % |
| Earnings on investments | 18,610 | 14,387 | 4,223 | 29.35 % |
| Intergovernmental | 8,046,401 | 7,069,075 | 977,326 | 13.83 % |
| Other revenues | 118,617 | 204,505 | (85,888) | (42.00) % |
| Total | $ 17,260,799 | $ 16,644,135 | $ 616,664 | 3.70 % |

Total general fund revenues were similar to the prior year, but there were some notable increases and decreases. Income tax collections were particularly negatively impacted by the COVID-19 pandemic in fiscal year 2021, but rebounded in fiscal year 2022. The decrease in tuition and fees and increase in intergovernmental revenue is primarily due to changes in the state foundation funding model for fiscal year 2022.

The table that follows assists in illustrating the expenditures of the general fund during fiscal years 2022 and 2021.

| | 2022 Amount | 2021 Amount | Increase (Decrease) | Percentage Change |
|---|---|---|---|---|
| **Expenditures** | | | | |
| Instruction | $ 9,181,131 | $ 9,120,965 | $ 60,166 | 0.66 % |
| Support services | 6,396,390 | 6,078,565 | 317,825 | 5.23 % |
| Extracurricular activities | 366,518 | 340,388 | 26,130 | 7.68 % |
| Facilities acquisition and construction | 697,198 | 116,059 | 581,139 | 500.73 % |
| Debt service | 40,705 | - | 40,705 | n/a |
| Total | $ 16,681,942 | $ 15,655,977 | $ 1,025,965 | 6.55 % |

The overall increase in general fund expenditures is partially due to higher costs for employee wages and benefits and pupil and instructional staff support. In addition, the District used excess available general fund money to finance capital asset acquisitions in fiscal year 2022. Debt service expenditures represent payments made on the District's lease liability for copiers.

### *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.

During the course of fiscal year 2022, the District amended its general fund budget as needed. For the general fund, original and final budgeted revenues and other financing sources amounted to $16,474,403. Actual revenues and other financing sources of $17,137,028 were $662,625 more than the final budget. Actual income taxes and intergovernmental revenues were $255,358 and $908,487 more than budgeted, respectively, whereas tuition and fees came in $516,344 below the final budget. These are a result of the changes discussed on the previous page.

General fund original appropriations (appropriated expenditures including other financing uses) of $18,303,188 were increased slightly to $19,098,188 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled $16,741,757 which is $2,356,431 less than the final budget. This variance is a primarily due to the District's conservative approach to budgeting. The District occasionally over-appropriates resources in case significant, unexpected expenditures arise during the fiscal year.

## Capital Assets and Debt Administration

### *Capital Assets*

At the end of fiscal year 2022, the District had $22,539,563 invested in capital assets, net of accumulated depreciation/amortization. This entire amount is reported in governmental activities. The following table shows fiscal year 2022 balances compared to 2021:

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

| | 2022 | (Restated) 2021 |
|---|---|---|
| Land | $ 588,863 | $ 588,863 |
| Construction in progress | 702,123 | - |
| Land improvements | 1,187,004 | 892,708 |
| Building and improvements | 19,091,071 | 19,906,362 |
| Furniture and equipment | 366,223 | 315,063 |
| Vehicles | 562,288 | 684,019 |
| Intangible right to use - leased equipment | 41,991 | 80,751 |
| Total | $ 22,539,563 | $ 22,467,766 |

Capital assets increased in fiscal year 2022 as new additions of $1,179,270 exceeded depreciation/amortization expense of $1,107,473. Most of the acquisitions were related to athletics facilities improvements, including a new track which is still in progress as of June 30, 2022. See Note 9 in the notes to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2022, the District had $2,392,934 in long-term debt outstanding. Of this total, $524,541 is due within one year and $1,868,393 is due in greater than one year. The following table summarizes the debt outstanding at June 30, 2022 and 2021.

**Outstanding Debt, at June 30**

| | Governmental Activities 2022 | (Restated) Governmental Activities 2021 |
|---|---|---|
| General obligation bonds | $ 2,350,000 | $ 2,820,000 |
| Lease liability | 42,934 | 80,751 |
| Total | $ 2,392,934 | $ 2,900,751 |

There were no new additions to long-term debt during fiscal year 2022 and reductions amounted to $507,817. See Note 12 in the notes to the basic financial statements for additional information on the District's debt administration.

**Current Financial Related Activities**

Although considered a mid-wealth district, Liberty Union-Thurston Local School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase as a result of inflation, but can go down if the valuations decrease. The District also has two income tax issues. A 1.25% issue was passed in May, 1991 and the second issue for 0.5% was passed in May, 2005 and replaced by a permanent 0.5% in November 2014. They generate about $4.1 million per year.

In addition to property tax and income tax revenues, the District is heavily reliant on State Foundation funding. Currently the District expects to receive approximately $7 million in State Foundation aid in fiscal year 2023, or roughly the same amount received in fiscal year 2022.

Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District. In the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students.

**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: April Bolyard, Treasurer of Liberty Union-Thurston Local School Board of Education, 1108 S. Main Street, Baltimore, Ohio 43105.

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

| | | Governmental Activities |
|---|---|---|
| **Assets:** | | |
| Equity in pooled cash and cash equivalents | $ | 14,731,461 |
| Cash and investments with fiscal agent | | 1,184,012 |
| Receivables: | | |
| Property taxes | | 5,049,287 |
| Income taxes | | 1,947,289 |
| Accounts | | 1,724 |
| Intergovernmental | | 283,555 |
| Prepayments | | 7,980 |
| Materials and supplies inventory | | 2,407 |
| Inventory held for resale | | 4,100 |
| Net OPEB asset | | 1,098,218 |
| Capital assets: | | |
| Not being depreciated/amortized | | 1,290,986 |
| Being depreciated/amortized | | 21,248,577 |
| Capital assets, net | | 22,539,563 |
| Total assets | | 46,849,596 |
| **Deferred outflows of resources:** | | |
| Unamortized deferred charges on debt refunding | | 79,427 |
| Pension | | 3,861,085 |
| OPEB | | 495,011 |
| Total deferred outflows of resources | | 4,435,523 |
| **Liabilities:** | | |
| Accounts payable | | 15,007 |
| Contracts payable | | 319,113 |
| Retainage payable | | 69,956 |
| Accrued wages and benefits payable | | 1,378,605 |
| Intergovernmental payable | | 84,273 |
| Pension obligation payable | | 232,965 |
| Accrued interest payable | | 5,738 |
| Claims payable | | 280,339 |
| Long-term liabilities: | | |
| Due within one year | | 703,703 |
| Due in more than one year: | | |
| Net pension liability | | 9,073,683 |
| Net OPEB liability | | 1,268,079 |
| Other amounts due in more than one year | | 2,971,085 |
| Total liabilities | | 16,402,546 |
| **Deferred inflows of resources:** | | |
| Property taxes levied for the next fiscal year | | 4,567,341 |
| Pension | | 7,483,000 |
| OPEB | | 2,088,113 |
| Total deferred inflows of resources | | 14,138,454 |
| **Net position:** | | |
| Net investment in capital assets | | 19,661,283 |
| Restricted for: | | |
| Capital projects | | 165,796 |
| Classroom facilities maintenance | | 403,528 |
| Debt service | | 1,058,349 |
| Federally funded programs | | 187,801 |
| Food service operations | | 129,156 |
| Extracurricular activities | | 195,681 |
| Other purposes | | 195 |
| Unrestricted (deficit) | | (1,057,670) |
| Total net position | $ | 20,744,119 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | | 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 | $ 6,738,578 | $ 185,335 | $ 309,832 | $ (6,243,411) |
| Special | 3,270,817 | 145,178 | 1,144,111 | (1,981,528) |
| Vocational | 405,197 | - | 126,906 | (278,291) |
| Other | 44,532 | - | - | (44,532) |
| Support services: | | | | |
| Pupil | 901,754 | - | 270,217 | (631,537) |
| Instructional staff | 663,874 | - | 64,357 | (599,517) |
| Board of education | 138,210 | - | - | (138,210) |
| Administration | 1,173,679 | 18,949 | 42,509 | (1,112,221) |
| Fiscal | 593,703 | - | - | (593,703) |
| Operations and maintenance | 2,047,232 | 17,425 | 53,814 | (1,975,993) |
| Pupil transportation | 929,169 | - | 133,861 | (795,308) |
| Central | 190,457 | - | - | (190,457) |
| Operation of non-instructional services: | | | | |
| Food service operations | 551,450 | 78,610 | 721,297 | 248,457 |
| Other non-instructional services | 1,622 | - | 1,622 | - |
| Extracurricular activities | 727,525 | 302,973 | 438,996 | 14,444 |
| Interest and fiscal charges | 59,970 | - | - | (59,970) |
| Totals | $ 18,437,769 | $ 748,470 | $ 3,307,522 | (14,381,777) |

| | |
|---|---|
| **General revenues:** | |
| Property taxes levied for: | |
| General purposes | 4,226,417 |
| Debt service | 442,005 |
| Capital outlay | 78,650 |
| Income taxes levied for: | |
| General purposes | 4,511,797 |
| Grants and entitlements not restricted to specific programs | 7,106,798 |
| Investment earnings | 18,643 |
| Miscellaneous | 51,365 |
| Total general revenues | 16,435,675 |
| Change in net position | 2,053,898 |
| **Net position at beginning of year** | 18,690,221 |
| **Net position at end of year** | $ 20,744,119 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Assets:** | | | |
| Equity in pooled cash and cash equivalents | $ 12,136,970 | $ 2,534,939 | $ 14,671,909 |
| Receivables: | | | |
| Property taxes | 4,506,802 | 542,485 | 5,049,287 |
| Income taxes | 1,947,289 | - | 1,947,289 |
| Accounts | 1,724 | - | 1,724 |
| Intergovernmental | 48,777 | 234,778 | 283,555 |
| Prepayments | 7,980 | - | 7,980 |
| Materials and supplies inventory | - | 2,407 | 2,407 |
| Inventory held for resale | - | 4,100 | 4,100 |
| Due from other funds | 5,801 | - | 5,801 |
| Total assets | $ 18,655,343 | $ 3,318,709 | $ 21,974,052 |
| **Liabilities:** | | | |
| Accounts payable | $ 11,244 | $ 3,763 | $ 15,007 |
| Contracts payable | 136,464 | 182,649 | 319,113 |
| Retainage payable | 69,956 | - | 69,956 |
| Accrued wages and benefits payable | 1,306,357 | 72,248 | 1,378,605 |
| Compensated absences payable | 84,919 | - | 84,919 |
| Intergovernmental payable | 83,343 | 930 | 84,273 |
| Pension obligation payable | 226,571 | 6,394 | 232,965 |
| Due to other funds | - | 5,801 | 5,801 |
| Total liabilities | 1,918,854 | 271,785 | 2,190,639 |
| **Deferred inflows of resources:** | | | |
| Property taxes levied for the next fiscal year | 4,078,464 | 488,877 | 4,567,341 |
| Delinquent property tax revenue not available | 186,802 | 22,485 | 209,287 |
| Income tax revenue not available | 330,254 | - | 330,254 |
| Intergovernmental revenue not available | 23,441 | 31,527 | 54,968 |
| Total deferred inflows of resources | 4,618,961 | 542,889 | 5,161,850 |
| **Fund balances:** | | | |
| Nonspendable: | | | |
| Materials and supplies inventory | - | 2,407 | 2,407 |
| Prepayments | 7,980 | - | 7,980 |
| Restricted: | | | |
| Debt service | - | 1,044,866 | 1,044,866 |
| Capital improvements | - | 162,337 | 162,337 |
| Classroom facilities maintenance | - | 403,528 | 403,528 |
| Food service operations | - | 168,604 | 168,604 |
| Federally funded programs | - | 2,120 | 2,120 |
| Extracurricular activities | - | 195,681 | 195,681 |
| Other purposes | 21,517 | 195 | 21,712 |
| Committed: | | | |
| Capital improvements | - | 556,025 | 556,025 |
| Termination benefits | 31,085 | - | 31,085 |
| Assigned: | | | |
| Student instruction | 5,104 | - | 5,104 |
| Student and staff support | 122,024 | - | 122,024 |
| Extracurricular activities | 10,223 | - | 10,223 |
| Facilities acquisition and construction | 187,803 | - | 187,803 |
| Subsequent year's appropriations | 2,175,049 | - | 2,175,049 |
| Unassigned (deficit) | 9,556,743 | (31,728) | 9,525,015 |
| Total fund balances | 12,117,528 | 2,504,035 | 14,621,563 |
| Total liabilities, deferred inflows and fund balances | $ 18,655,343 | $ 3,318,709 | $ 21,974,052 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

| | | |
|---|---|---|
| **Total governmental fund balances** | | $ 14,621,563 |
| *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. | | 22,539,563 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | |
| Property taxes receivable | $ 209,287 | |
| Income taxes receivable | 330,254 | |
| Intergovernmental receivable | 54,968 | |
| Total | | 594,509 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. | | 963,225 |
| Unamortized premiums on bonds issued are not recognized in the funds. | | (175,704) |
| Unamortized amounts on refundings are not recognized in the funds. | | 79,427 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | (5,738) |
| The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds. | | |
| Deferred outflows - pension | 3,861,085 | |
| Deferred inflows - pension | (7,483,000) | |
| Net pension liability | (9,073,683) | |
| Deferred outflows - OPEB | 495,011 | |
| Deferred inflows - OPEB | (2,088,113) | |
| Net OPEB asset | 1,098,218 | |
| Net OPEB liability | (1,268,079) | |
| Total | | (14,458,561) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | |
| General obligation bonds | (2,350,000) | |
| Lease liability | (42,934) | |
| Compensated absences | (1,021,231) | |
| Total | | (3,414,165) |
| **Net position of governmental activities** | | $ 20,744,119 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| **Revenues:** | | | |
| Property taxes | $ 4,264,532 | $ 527,480 | $ 4,792,012 |
| Income taxes | 4,470,495 | - | 4,470,495 |
| Intergovernmental | 8,046,401 | 2,261,825 | 10,308,226 |
| Investment earnings | 18,610 | 66 | 18,676 |
| Tuition and fees | 342,144 | - | 342,144 |
| Extracurricular | 7,318 | 302,740 | 310,058 |
| Charges for services | 17,425 | 78,610 | 96,035 |
| Contributions and donations | 43,323 | 39,411 | 82,734 |
| Miscellaneous | 50,551 | 233 | 50,784 |
| Total revenues | 17,260,799 | 3,210,365 | 20,471,164 |
| **Expenditures:** | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 5,863,870 | 309,441 | 6,173,311 |
| Special | 2,848,179 | 578,076 | 3,426,255 |
| Vocational | 430,549 | - | 430,549 |
| Other | 38,533 | - | 38,533 |
| Support services: | | | |
| Pupil | 695,344 | 231,580 | 926,924 |
| Instructional staff | 620,127 | 65,639 | 685,766 |
| Board of education | 139,152 | - | 139,152 |
| Administration | 1,272,115 | - | 1,272,115 |
| Fiscal | 596,913 | 9,775 | 606,688 |
| Operations and maintenance | 2,056,078 | 58,312 | 2,114,390 |
| Pupil transportation | 813,256 | 4,453 | 817,709 |
| Central | 203,405 | - | 203,405 |
| Operation of non-instructional services: | | | |
| Food service operations | - | 591,514 | 591,514 |
| Other non-instructional services | - | 1,622 | 1,622 |
| Extracurricular activities | 366,518 | 360,974 | 727,492 |
| Facilities acquisition and construction | 697,198 | 385,625 | 1,082,823 |
| Debt service: | | | |
| Principal retirement | 37,817 | 470,000 | 507,817 |
| Interest and fiscal charges | 2,888 | 79,550 | 82,438 |
| Total expenditures | 16,681,942 | 3,146,561 | 19,828,503 |
| Excess of revenues over (under) expenditures | 578,857 | 63,804 | 642,661 |
| **Other financing sources (uses):** | | | |
| Transfers in | - | 138,424 | 138,424 |
| Transfers (out) | (100,000) | (38,424) | (138,424) |
| Total other financing sources (uses) | (100,000) | 100,000 | - |
| Net change in fund balances | 478,857 | 163,804 | 642,661 |
| **Fund balances at beginning of year** | 11,638,671 | 2,340,231 | 13,978,902 |
| **Fund balances at end of year** | $ 12,117,528 | $ 2,504,035 | $ 14,621,563 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD 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, 2022

| | | |
|---|---|---|
| **Net change in fund balances - total governmental funds** | | $ 642,661 |
| *Amounts reported for governmental activities in the statement of activities are different because:* | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. | | |
| Capital asset additions | $ 1,179,270 | |
| Current year depreciation | (1,107,473) | |
| Total | | 71,797 |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes | (44,940) | |
| Income taxes | 41,302 | |
| Intergovernmental | 24,568 | |
| Total | | 20,930 |
| Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | | 507,817 |
| 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 less interest being reported in the statement of activities: | | |
| Decrease in accrued interest payable | 670 | |
| Amortization of bond premiums | 39,782 | |
| Amortization of deferred charges | (17,984) | |
| Total | | 22,468 |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | |
| Pension | 1,336,971 | |
| OPEB | 41,842 | |
| Total | | 1,378,813 |
| 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 | 25,338 | |
| OPEB | 92,829 | |
| Total | | 118,167 |
| 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 | | (18,244) |
| An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities. | | (690,511) |
| **Change in net position of governmental activities** | | $ 2,053,898 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD 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, 2022

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| | **Original** | **Final** | **Actual** | |
| **Revenues:** | | | | |
| Property taxes | $ 4,350,537 | $ 4,350,537 | $ 4,395,935 | $ 45,398 |
| Income taxes | 3,961,477 | 3,961,477 | 4,216,835 | 255,358 |
| Intergovernmental | 6,962,196 | 6,962,196 | 7,870,683 | 908,487 |
| Investment earnings | 18,217 | 18,217 | 17,573 | (644) |
| Tuition and fees | 846,857 | 846,857 | 330,513 | (516,344) |
| Charges for services | 4,760 | 4,760 | 17,425 | 12,665 |
| Contributions and donations | - | - | 814 | 814 |
| Miscellaneous | 243,379 | 243,379 | 191,920 | (51,459) |
| Total revenues | 16,387,423 | 16,387,423 | 17,041,698 | 654,275 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 6,564,818 | 6,694,533 | 5,862,045 | 832,488 |
| Special | 2,635,278 | 3,006,648 | 2,849,231 | 157,417 |
| Vocational | 387,612 | 507,454 | 424,360 | 83,094 |
| Other | 298,911 | 54,662 | 38,444 | 16,218 |
| Support services: | | | | |
| Pupil | 549,088 | 694,117 | 621,642 | 72,475 |
| Instructional staff | 616,571 | 656,209 | 611,472 | 44,737 |
| Board of education | 176,547 | 200,382 | 144,152 | 56,230 |
| Administration | 1,305,365 | 1,334,010 | 1,157,167 | 176,843 |
| Fiscal | 800,644 | 729,448 | 588,538 | 140,910 |
| Operations and maintenance | 2,257,603 | 2,354,476 | 2,075,335 | 279,141 |
| Pupil transportation | 849,971 | 903,948 | 815,252 | 88,696 |
| Central | 269,397 | 279,978 | 210,657 | 69,321 |
| Operation of non-instructional services: | | | | |
| Other non-instructional services | 115,000 | 24,995 | - | 24,995 |
| Extracurricular activities | 420,373 | 461,872 | 378,418 | 83,454 |
| Facilities acquisition and construction | 668,360 | 849,014 | 815,044 | 33,970 |
| Total expenditures | 17,915,538 | 18,751,746 | 16,591,757 | 2,159,989 |
| Excess (deficiency) of revenues over (under) expenditures | (1,528,115) | (2,364,323) | 449,941 | 2,814,264 |
| **Other financing sources (uses):** | | | | |
| Refund of prior year's expenditures | 71,117 | 71,117 | 95,330 | 24,213 |
| Refund of prior year's receipts | (229,808) | (188,600) | - | 188,600 |
| Transfers (out) | (150,000) | (150,000) | (150,000) | - |
| Advances in | 7,842 | 7,842 | - | (7,842) |
| Advances (out) | (7,842) | (7,842) | - | 7,842 |
| Proceeds from sale of assets | 8,021 | 8,021 | - | (8,021) |
| Total other financing sources (uses) | (300,670) | (259,462) | (54,670) | 204,792 |
| Net change in fund balance | (1,828,785) | (2,623,785) | 395,271 | 3,019,056 |
| **Fund balance at beginning of year** | 10,864,946 | 10,864,946 | 10,864,946 | - |
| **Prior year encumbrances appropriated** | 272,233 | 272,233 | 272,233 | - |
| **Fund balance at end of year** | $ 9,308,394 | $ 8,513,394 | $ 11,532,450 | $ 3,019,056 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

| | Governmental Activities - Internal Service Funds |
|---|---|
| **Assets:** | |
| Current assets: | |
| Equity in pooled cash and cash equivalents | $ 59,552 |
| Cash and investments with fiscal agent | 1,184,012 |
| Total assets | 1,243,564 |
| **Liabilities:** | |
| Current liabilities: | |
| Claims payable | 280,339 |
| Total liabilities | 280,339 |
| **Net position:** | |
| Unrestricted | 963,225 |
| Total net position | $ 963,225 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Governmental Activities - Internal Service Funds |
|---|---|
| **Operating revenues:** | |
| Charges for services | $ 2,104,642 |
| Total operating revenues | 2,104,642 |
| | |
| **Operating expenses:** | |
| Purchased services | 138,808 |
| Claims | 2,656,345 |
| Total operating expenses | 2,795,153 |
| | |
| Operating loss and change in net position | (690,511) |
| | |
| **Net position at beginning of year** | 1,653,736 |
| | |
| **Net position at end of year** | $ 963,225 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

| | Governmental Activities - Internal Service Funds |
|---|---|
| **Cash flows from operating activities:** | |
| Cash received from charges for services | $ 2,104,642 |
| Cash payments for purchased services | (138,808) |
| Cash payments for claims | (2,512,377) |
| Net cash used in operating activities | (546,543) |
| Net decrease in cash and cash equivalents | (546,543) |
| **Cash and investments at beginning of year** | 1,790,107 |
| **Cash and investments at end of year** | $ 1,243,564 |
| **Reconciliation of operating loss to net cash used in operating activities:** | |
| Operating loss | $ (690,511) |
| Changes in assets and liabilities: | |
| Claims payable | 143,968 |
| Net cash used in operating activities | $ (546,543) |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

## NOTE 1 - DESCRIPTION OF THE DISTRICT

Liberty Union-Thurston Local School District (the "District") is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established through the consolidation of existing land areas and school districts. It is staffed by 59 non-certificated employees and 96 certificated teaching personnel who provide services to approximately 1,200 students and other community members.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### A. Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Liberty Union-Thurston Local School 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or 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. The District has no component units.

The District is associated with three jointly governed organizations: META Solutions, the South Central Ohio Insurance Consortium, and the State Support Team Region 11. The District is also associated with the Ohio SchoolComp workers' compensation insurance purchasing pool. These organizations are presented in Note 17 to the basic financial statements.

### B. Basis of Presentation

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

*Government-Wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

The statement of net position presents the financial condition of the governmental activities of the District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. 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 charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

*Fund Financial Statements* - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**C. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following is the District's major governmental fund:

*General Fund* - This fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the District account for grants and other resources of the District whose use is restricted or committed to a particular purpose.

*PROPRIETARY FUNDS*

The proprietary fund focus is on the determination of the change in net position, financial position and cash flows and is classified as internal service. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The internal service funds of the District account for rotary services and a self-insurance program which provides medical, dental, and pharmacy benefits to employees.

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

### D. Measurement Focus

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

*Fund Financial Statements* - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

### E. 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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from income taxes is recognized in the period in which the income is earned (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 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 the fiscal year-end: property taxes available for advance, income taxes, grants, various reimbursements and interest.

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

*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, represents a consumption of net position 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 the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, 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, 2022, but which were levied to finance fiscal year 2023 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. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

*Expenses and Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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 the governmental funds.

### F. Cash and Cash Equivalents

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 records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2022, investments were limited to a commercial paper sweep account.

Following Ohio statutes, 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 2022 was $18,610, which includes $2,694 assigned from other District funds.

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 presented on the financial statements as cash equivalents.

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

**G. Prepayments**

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items 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.

**H. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Donated commodities are presented at the entitlement value. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption and donated food, purchased food and school supplies held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans as a result of cash deficits in certain funds at fiscal year-end are classified as “due to/from other funds”. Short-term loans resulting from cash advances are reported as “interfund loans receivable/payable”. The interfund balances will be repaid once the anticipated revenues are received. These amounts are eliminated in the governmental type activities column on the statement of net position.

**J. Interfund Activity**

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**K. Capital Assets**

Capital assets are associated with and generally arise from governmental activities. 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.

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

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

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. The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational mannter over the shorter of the lease term or the useful life of the underlying asset. Depreciation/amortization is computed using the straight-line method over the following useful lives:

| Description | Estimated Lives |
|---|---|
| Land improvements | 20 - 50 years |
| Buildings and improvements | 20 - 50 years |
| Furniture, fixtures and equipment | 5 - 20 years |
| Vehicles | 5 - 20 years |
| Intangible leased equipment | 5 years |

**L. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who are eligible to receive termination benefits based on School Employees Retirement System and State Teachers Retirement System retirement criteria.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees will be paid.

**M. Accrued Liabilities and Long-Term Liabilities**

All payables, accrued liabilities and long-term liabilities 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 net pension liability 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 in the current year. Long-term bonds and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

**N. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

**O. 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.

**P. Fund Balance**

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

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

*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.

### Q. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the self-insurance service that is the primary activity of that fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

### R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

### S. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Although the legal level of budgetary control was established at the fund level, the District has elected to present the General Fund budgetary comparison statement at the fund and function level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate issued during fiscal year 2022.

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

### T. Issuance Costs/Bond Premiums/Accounting Gain or Loss

On government-wide financial statements, bond issuance costs are expensed in the year they occur.

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

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For a bond refunding resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflow or inflow of resources on the statement of net position.

On the governmental funds financial statements, bond issuance costs and bond premiums are recognized in the current period.

**U. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

**V. 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**

**A. Change in Accounting Principles**

For fiscal year 2022, the District has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*", GASB Implementation Guide 2020-1, "*Implementation Guide Update - 2020*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*" and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the District's fiscal year 2022 financial statements. The District recognized $80,751 in governmental activities in leases payable at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use - lease equipment.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

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

**B. Deficit Fund Balances**

Fund balances at June 30, 2022 included the following individual fund deficits:

| Nonmajor funds | Deficit |
|---|---|
| Elementary and Secondary School Emergency Relief | $ 12,416 |
| Title I | 19,312 |

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

## NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of 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) Investments are reported at fair value (GAAP basis) as opposed to cost (budget 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 |
|---|---|
| Budget basis | $ 395,271 |
| Net adjustment for revenue accruals | 142,768 |
| Net adjustment for expenditure accruals | (319,823) |
| Net adjustment for other sources/uses | (45,330) |
| Funds budgeted elsewhere | (73,790) |
| Adjustment for encumbrances | 379,761 |
| GAAP basis | $ 478,857 |

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, district agency fund, and termination benefits fund.

## NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

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

6. No-load money market mutual funds consisting exclusively of obligations described in 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); and,

8. Certain banker’s acceptance for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash and Investments with Fiscal Agent**

At June 30, 2022, the District had $1,184,012 on deposit in its self-insurance fiscal agent account. This amount is not part of the District's internal investment pool and has been excluded from the total amount of deposits reported below.

**B. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all District deposits was $14,206,925 and the bank balance of all District deposits was $14,252,867. Of the bank balance, $7,960,676 was covered by the FDIC and $6,292,191 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**C. Investments**

As of June 30, 2022, the District had the following investments:

| | | Investment Maturities |
|---|---|---|
| Measurement/ Investment type | Measurement Value | 6 months or less |
| *Fair Value:* | | |
| Commercial Paper Sweep | $ 524,536 | $ 524,536 |

The weighted average maturity of investments is one day.

The District's investments are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment, and limiting investment portfolio maturities to five years or less.

**NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)**

*Credit Risk:* The credit rating for the Commercial Paper Sweep was not readily available. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*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's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of fair value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer.

| Investment type | Measurement Value | % of Total |
|---|---|---|
| Commercial Paper Sweep | $ 524,536 | 100.00 |

**D. 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 investments as reported on the statement of net position as of June 30, 2022:

| | |
|---|---|
| Cash and investments per note | |
| Carrying amount of deposits | $ 14,206,925 |
| Investments | 524,536 |
| Cash and investments with fiscal agent | 1,184,012 |
| Total | $ 15,915,473 |
| Cash and investments per statement of net position | |
| Governmental activities | $ 15,915,473 |

**NOTE 6 - SCHOOL INCOME TAX**

The District currently benefits from a 1.75% income tax which is assessed on all residents of the District. In the year ended June 30, 2022, the income tax generated $4,470,495 in revenue on a modified accrual basis. The District apportions all the proceeds to the General Fund.

**NOTE 7 - PROPERTY TAXES**

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

**NOTE 7 - PROPERTY TAXES - (Continued)**

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2021, were levied after April 1, 2020, 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 Fairfield County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was $241,536 in the general fund, $26,380 in the bond retirement fund (a nonmajor governmental fund) and $4,743 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2021 was $372,939 in the general fund, $44,592 in the bond retirement fund and $7,290 in the permanent improvement 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, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

| | 2021 Second Half Collections | | 2022 First Half Collections | |
|---|---|---|---|---|
| | Amount | Percent | Amount | Percent |
| Agricultural/residential and other real estate | $ 209,481,830 | 92.83 | $ 215,556,610 | 92.51 |
| Public utility personal | 16,181,170 | 7.17 | 17,446,720 | 7.49 |
| Total | $ 225,663,000 | 100.00 | $ 233,003,330 | 100.00 |
| Tax rate per $1,000 of assessed valuation | $ 40.60 | | $ 40.40 | |

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2022 consisted of property taxes, income taxes, accounts (fees and reimbursements), 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of intergovernmental receivables follows:

| | Governmental activities |
|---|---|
| SERS refund | $ 23,441 |
| Title I-A grant | 27,321 |
| Title IV-A grant | 3,839 |
| Title II-A grant | 5,152 |
| State Foundation | 226 |
| Elementary and Secondary School Emergency Relief grant | 198,466 |
| Other grants and entitlements | 25,110 |
| Total | $ 283,555 |

**NOTE 9 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 87 (see Note 3 for detail), the District has reported capital assets for the right to use leased equipment which are reflected in the table below. Capital asset activity for the fiscal year ended June 30, 2022 was as follows:

| | Restated Balance 06/30/21 | Additions | Deductions | Balance 06/30/22 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| *Capital assets, not being depreciated/amortized:* | | | | |
| Land | $ 588,863 | $ - | $ - | $ 588,863 |
| Construction in progress | - | 702,123 | - | 702,123 |
| Total capital assets, not being depreciated/amortized | 588,863 | 702,123 | - | 1,290,986 |
| *Capital assets, being depreciated/amortized:* | | | | |
| Land improvements | 2,137,548 | 379,916 | - | 2,517,464 |
| Buildings and improvements | 36,425,047 | 5,989 | - | 36,431,036 |
| Furniture, fixtures and equipment | 769,034 | 91,242 | - | 860,276 |
| Vehicles | 1,490,099 | - | - | 1,490,099 |
| Intangible right to use - leased equipment | 80,751 | - | - | 80,751 |
| Total capital assets, being depreciated/amortized | 40,902,479 | 477,147 | - | 41,379,626 |
| *Less: accumulated depreciation/amortization:* | | | | |
| Land improvements | (1,244,840) | (85,620) | - | (1,330,460) |
| Buildings and improvements | (16,518,685) | (821,280) | - | (17,339,965) |
| Furniture, fixtures and equipment | (453,971) | (40,082) | - | (494,053) |
| Vehicles | (806,080) | (121,731) | - | (927,811) |
| Intangible right to use - leased equipment | - | (38,760) | - | (38,760) |
| Total accumulated depreciation/amortization | (19,023,576) | (1,107,473) | - | (20,131,049) |
| Governmental activities capital assets, net | $ 22,467,766 | $ 71,797 | $ - | $ 22,539,563 |

**NOTE 9 - CAPITAL ASSETS - (Continued)**

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

| | |
|---|---|
| Instruction: | |
| Regular | $ 876,268 |
| Vocational | 269 |
| Support services: | |
| Instructional staff | 1,840 |
| Administration | 12,000 |
| Operations and maintenance | 38,832 |
| Pupil transportation | 121,731 |
| Food service operations | 6,997 |
| Extracurricular activities | 49,536 |
| Total depreciation expense | $1,107,473 |

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the District contracted with a commercial insurer for property and fleet insurance, liability insurance, and public officials bonds. Coverages provided are as follows:

| | |
|---|---|
| Buildings/Contents ($5,000 deductible) | $ 60,889,909 |
| Automobile Liability ($500 deductible): | |
| Per Accident | 1,000,000 |
| General Liability: | |
| Per Occurance | 1,000,000 |
| Aggregate Limit | 3,000,000 |
| Public Officials Bonds: | |
| Treasurer | 25,000 |
| Superintendent/Board Member (each) | 100,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant decrease in coverage from the prior year.

For fiscal year 2022, the District participated in the Ohio SchoolComp Workers' Compensation (WC) insurance purchasing pool program of OSBA and OASBO (see Note 17). The intent of the Program is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Program. 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 Pool. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Program. 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 Program. Participation in the Program is limited to school districts that can meet the Program's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the Program.

## NOTE 10 - RISK MANAGEMENT - (Continued)

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs. This self-insurance fund was established July, 1992 for the purpose of accumulating balances sufficient to self-insure basic medical, dental, vision, and prescription drug coverage and permit excess umbrella coverage for claims over a predetermined level. Amounts are paid into this fund from the General Fund, Food Service Nonmajor Governmental Fund, and certain Nonmajor Governmental Funds (Grants). Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier. Effective July 1, 1996, the District terminated the independent carrier for self-insurance for basic medical, dental and prescription drug coverage and joined the South Central Ohio Insurance Consortium.

The South Central Ohio Insurance Consortium was established to accumulate balances sufficient to self-insure basic medical and prescription drug coverage and permit excess umbrella coverage for claims over a predetermined level. The Board's share and the employees' share of premium contributions are determined by the negotiated agreement for certificated employees and by Board action for administrators and classified employees.

Premiums are paid to the South Central Ohio Insurance Consortium Fund from the Self-Insurance Fund of the District. The cash balance with the fiscal agent at June 30, 2022, was $1,184,012. Claims payments are made on an as incurred basis by the third party administrator, with the balance of contributions remaining with the Fiscal Agent of the Consortium.

The member districts are self-insured for medical, dental and pharmacy benefits. The risk for medical, dental and pharmacy benefits remains with the member districts. The claims payable will be reported for medical, dental and pharmacy claims as of June 30, 2022, and cash with fiscal agent for the balance of funds held by the Consortium that covers medical, dental and pharmacy claims will be reported.

The claims liability of $280,339 reported at June 30, 2022 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 as amended by GASB 30 which requires that a liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

| Fiscal Year | Beginning Balance | Current Year Claims | Claims Payments | Ending Balance |
|---|---|---|---|---|
| 2022 | $ 136,371 | $ 2,656,345 | $ (2,512,377) | $ 280,339 |
| 2021 | 229,002 | 1,608,109 | (1,700,740) | 136,371 |

## NOTE 11 - EMPLOYEE BENEFITS

### A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Administrators and support personnel who are under a full year contract (11 or 12 months) are also eligible for vacation time. These employees earn twelve to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to employees upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days for all employees.

**NOTE 11 - EMPLOYEE BENEFITS - (Continued)**

Retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Any teacher or administrator receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-third of all accumulated sick leave credited to that employee up to 65 days. Classified employees receive retirement severance pay equivalent to forty percent of all accumulated sick leave credited to that employee up to 100 days. Classified employees receive a bonus of 20 days severance pay upon reaching 25 years of service. In addition, bargaining unit members will be eligible to receive an additional twenty (20) days of severance when the employee reaches 25 years of service with the District, and an additional twenty (20) days of severance when the employee reaches 30 years of experience.

**B. Health, Dental and Prescription Drug Insurance**

In July 1996, the District joined the South Central Ohio Insurance Consortium (SCOIC) to self-insure its medical, dental, vision claims and prescription drugs. SCOIC currently includes twenty member school districts and governmental entities. Bloom-Carroll Local School District serves as the fiscal agent for the consortium and records the activity of the consortium in an agency fund. Contributions are determined by the consortium’s board of directors and are remitted monthly to the fiscal agent and incurred claims are paid.

Claim liabilities for the consortium at June 30, 2022 are reported by the individual member entities.

CareFactor, a third party administrator, services all health/medical claims submitted by employees. An excess coverage insurance policy covers individual claims for the District in excess of $100,000 per employee consortium wide.

**NOTE 12 - LONG-TERM OBLIGATIONS**

Due to the implementation of GASB Statement No. 87 (see Note 3 for detail), the District has reported a lease liability which is reflected in the table below. During fiscal year 2022, the following changes occurred in governmental activities long-term obligations.

| | Restated Balance 06/30/21 | Increase | Decrease | Balance 06/30/22 | Amount Due in One Year |
|---|---|---|---|---|---|
| **Governmental activities:** | | | | | |
| Advance Refunding Bonds, 2016: | | | | | |
| Serial Bonds | $ 2,820,000 | $ - | $ (470,000) | $ 2,350,000 | $ 485,000 |
| Total General Obligation Debt | 2,820,000 | - | (470,000) | 2,350,000 | 485,000 |
| Lease liability (direct borrowing) | 80,751 | - | (37,817) | 42,934 | 39,541 |
| Net pension liability | 17,140,803 | - | (8,067,120) | 9,073,683 | - |
| Net OPEB liability | 1,410,157 | - | (142,078) | 1,268,079 | - |
| Compensated absences | 1,118,713 | 176,224 | (188,787) | 1,106,150 | 179,162 |
| Total governmental activities | $ 22,570,424 | $ 176,224 | $ (8,905,802) | 13,840,846 | $ 703,703 |
| Add unamortized premium on bonds | | | | 175,704 | |
| Total reported on the statement of net position | | | | $ 14,016,550 | |

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

In August 2016, the District issued $3,340,000 of voted general obligation bonds for the advance refunding of $3,350,000 in 2002 series bonds. The $409,424 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized over the life of this new debt. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of $232,999 and a reduction of $258,141 in future debt service payments. The bonds were issued for a 10 year period, with final maturity on December 1, 2026. The refunding bonds are retired from the bond retirement fund using property taxes revenue.

The District has entered into a lease agreement for the use of right to use copier equipment. This is considered to be a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. The equipment stated in the lease agreement acts as collateral for the obligation. The District entered into the lease with Modern Office Methods for a term of 60 months on August 10, 2018. Payments are due monthly with the final payment due on July 10, 2023. Lease payments have been reclassified and are reflected as debt service expenditures for the general fund in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

The District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences, net pension liability, and net OPEB liability will be paid from the fund from which the employee is paid which is primarily the general fund. Additional information on the net pension liability and net OPEB liability can be found in Notes 13 and 14, respectively.

The District's overall legal debt margin was $19,665,166 (including available funds of $1,044,866) and the unvoted debt margin was $233,003 at June 30, 2022.

The annual requirements to retire the District’s outstanding debt are as follows:

| Fiscal | General Obligation Bonds | | | Lease Liability | | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | $ 485,000 | $ 68,806 | $ 553,806 | $ 39,541 | $ 1,359 | $ 40,900 |
| 2024 | 500,000 | 58,975 | 558,975 | 3,393 | 15 | 3,408 |
| 2025 | 535,000 | 43,900 | 578,900 | - | - | - |
| 2026 | 560,000 | 22,000 | 582,000 | - | - | - |
| 2027 | 270,000 | 5,400 | 275,400 | - | - | - |
| Total | $ 2,350,000 | $ 199,081 | $ 2,549,081 | $ 42,934 | $ 1,374 | $ 44,308 |

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

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The remainder of this note includes the required pension disclosures. See Note 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 obligation payable on both the accrual and modified accrual bases of accounting.

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

| | Eligible to Retire on or before August 1, 2017 * | Eligible to Retire after August 1, 2017 |
|---|---|---|
| Full benefits | Any age with 30 years of service credit | Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $322,839 for fiscal year 2022. Of this amount, $15,587 is reported as pension obligation 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any 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. Investment allocation decisions are determined by the member. 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 must have at least ten years of qualifying service credit that 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 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $1,014,132 for fiscal year 2022. Of this amount, $175,536 is reported as pension obligation 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, 2021, 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 projected 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 | 0.063819900% | 0.053394710% | |
| Proportion of the net pension liability current measurement date | 0.065421200% | 0.052087302% | |
| Change in proportionate share | 0.001601300% | -0.001307408% | |
| Proportionate share of the net pension liability | $ 2,413,853 | $ 6,659,830 | $ 9,073,683 |
| Pension expense | $ 47,812 | $ (73,150) | $ (25,338) |

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At June 30, 2022, 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 | $ 233 | $ 205,756 | $ 205,989 |
| Changes of assumptions | 50,828 | 1,847,558 | 1,898,386 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 118,276 | 301,463 | 419,739 |
| Contributions subsequent to the measurement date | 322,839 | 1,014,132 | 1,336,971 |
| Total deferred outflows of resources | $ 492,176 | $ 3,368,909 | $ 3,861,085 |

| | SERS | STRS | Total |
|---|---|---|---|
| **Deferred inflows of resources** | | | |
| Differences between expected and actual experience | $ 62,601 | $ 41,744 | $ 104,345 |
| Net difference between projected and actual earnings on pension plan investments | 1,243,207 | 5,739,503 | 6,982,710 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | - | 395,945 | 395,945 |
| Total deferred inflows of resources | $ 1,305,808 | $ 6,177,192 | $ 7,483,000 |

$1,336,971 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, 2023.

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: | | | |
| 2023 | $ (209,997) | $ (981,829) | $ (1,191,826) |
| 2024 | (249,296) | (807,281) | (1,056,577) |
| 2025 | (295,589) | (827,241) | (1,122,830) |
| 2026 | (381,589) | (1,206,064) | (1,587,653) |
| Total | $ (1,136,471) | $ (3,822,415) | $ (4,958,886) |

**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, 2021, are presented below:

| | |
|---|---|
| Wage inflation: | |
| Current measurement date | 2.40% |
| Prior measurement date | 3.00% |
| Future salary increases, including inflation: | |
| Current measurement date | 3.25% to 13.58% |
| Prior measurement date | 3.50% to 18.20% |
| COLA or ad hoc COLA: | |
| Current measurement date | 2.00% |
| Prior measurement date | 2.50% |
| Investment rate of return: | |
| Current measurement date | 7.00% net of system expenses |
| Prior measurement date | 7.50% net of system expenses |
| Discount rate: | |
| Current measurement date | 7.00% |
| Prior measurement date | 7.50% |
| Actuarial cost method | Entry age normal (level percent of payroll) |

In 2021, 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, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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 % | (0.33) % |
| US Equity | 24.75 | 5.72 |
| Non-US Equity Developed | 13.50 | 6.55 |
| Non-US Equity Emerging | 6.75 | 8.54 |
| Fixed Income/Global Bonds | 19.00 | 1.14 |
| Private Equity | 11.00 | 10.03 |
| Real Estate/Real Assets | 16.00 | 5.41 |
| Multi-Asset Strategy | 4.00 | 3.47 |
| Private Debt/Private Credit | 3.00 | 5.28 |
| Total | 100.00 % | |

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the net pension liability | $ 4,016,058 | $ 2,413,853 | $ 1,062,643 |

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

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

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| Inflation | 2.50% | 2.50% |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65 | 12.50% at age 20 to 2.50% at age 65 |
| Investment rate of return | 7.00%, net of investment expenses, including inflation | 7.45%, net of investment expenses, including inflation |
| Discount rate of return | 7.00% | 7.45% |
| Payroll increases | 3.00% | 3.00% |
| Cost-of-living adjustments (COLA) | 0.00% | 0.00% |

For the June 30, 2021, actuarial valuation, 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, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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 | 28.00 % | 7.35 % |
| International Equity | 23.00 | 7.55 |
| Alternatives | 17.00 | 7.09 |
| Fixed Income | 21.00 | 3.00 |
| Real Estate | 10.00 | 6.00 |
| Liquidity Reserves | 1.00 | 2.25 |
| Total | 100.00 % | |

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Discount Rate -*** The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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, 2021. 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, 2021.

***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, 2021, 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 | $ 12,471,369 | $ 6,659,830 | $ 1,749,092 |

***Changes Between Measurement Date and Reporting Date -*** STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the 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.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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, 2022, 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 2022, 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 2022, the District's surcharge obligation was $41,842.

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 $41,842 for fiscal year 2022. This entire amount is reported as pension obligation payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, 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, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

| | SERS | STRS | Total |
|---|---|---|---|
| Proportion of the net OPEB liability/asset prior measurement date | 0.064884700% | 0.053394710% | |
| Proportion of the net OPEB liability/asset current measurement date | 0.067002600% | 0.052087302% | |
| Change in proportionate share | 0.002117900% | -0.001307408% | |
| Proportionate share of the net OPEB liability | $ 1,268,079 | $ - | $ 1,268,079 |
| Proportionate share of the net OPEB asset | $ - | $ 1,098,218 | $ 1,098,218 |
| OPEB expense | $ (11,967) | $ (80,862) | $ (92,829) |

At June 30, 2022, 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 | $ 13,515 | $ 39,107 | $ 52,622 |
| Changes of assumptions | 198,930 | 70,150 | 269,080 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 127,553 | 3,914 | 131,467 |
| Contributions subsequent to the measurement date | 41,842 | - | 41,842 |
| Total deferred outflows of resources | $ 381,840 | $ 113,171 | $ 495,011 |

| | SERS | STRS | Total |
|---|---|---|---|
| **Deferred inflows of resources** | | | |
| Differences between expected and actual experience | $ 631,560 | $ 201,214 | $ 832,774 |
| Net difference between projected and actual earnings on OPEB plan investments | 27,550 | 304,406 | 331,956 |
| Changes of assumptions | 173,653 | 655,167 | 828,820 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 79,098 | 15,465 | 94,563 |
| Total deferred inflows of resources | $ 911,861 | $ 1,176,252 | $ 2,088,113 |

$41,842 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, 2023.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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: | | | |
| 2023 | $ (142,330) | $ (304,121) | $ (446,451) |
| 2024 | (142,522) | (296,507) | (439,029) |
| 2025 | (133,779) | (292,268) | (426,047) |
| 2026 | (98,999) | (128,323) | (227,322) |
| 2027 | (43,183) | (42,751) | (85,934) |
| Thereafter | (11,050) | 889 | (10,161) |
| Total | $ (571,863) | $ (1,063,081) | $ (1,634,944) |

***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.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

| | |
|---|---|
| Wage inflation: | |
| Current measurement date | 2.40% |
| Prior measurement date | 3.00% |
| Future salary increases, including inflation: | |
| Current measurement date | 3.25% to 13.58% |
| Prior measurement date | 3.50% to 18.20% |
| Investment rate of return: | |
| Current measurement date | 7.00% net of investment expense, including inflation |
| Prior measurement date | 7.50% net of investment expense, including inflation |
| Municipal bond index rate: | |
| Current measurement date | 1.92% |
| Prior measurement date | 2.45% |
| Single equivalent interest rate, net of plan investment expense, including price inflation: | |
| Current measurement date | 2.27% |
| Prior measurement date | 2.63% |
| Medical trend assumption: | |
| Current measurement date | |
| Medicare | 5.125 to 4.400% |
| Pre-Medicare | 6.750 to 4.400% |
| Prior measurement date | |
| Medicare | 5.25 to 4.75% |
| Pre-Medicare | 7.00 to 4.75% |

In 2021, 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, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 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 log-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, as used in the June 30, 2020 five-year experience study, are summarized as follows:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Cash | 2.00 % | (0.33) % |
| US Equity | 24.75 | 5.72 |
| Non-US Equity Developed | 13.50 | 6.55 |
| Non-US Equity Emerging | 6.75 | 8.54 |
| Fixed Income/Global Bonds | 19.00 | 1.14 |
| Private Equity | 11.00 | 10.03 |
| Real Estate/Real Assets | 16.00 | 5.41 |
| Multi-Asset Strategy | 4.00 | 3.47 |
| Private Debt/Private Credit | 3.00 | 5.28 |
| Total | 100.00 % | |

***Discount Rate -*** The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. 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, 2020 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 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

***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 (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the net OPEB liability | $ 1,571,304 | $ 1,268,079 | $ 1,025,842 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the net OPEB liability | $ 976,317 | $ 1,268,079 | $ 1,657,784 |

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

| | June 30, 2021 | | June 30, 2020 | |
|---|---|---|---|---|
| Inflation | 2.50% | | 2.50% | |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65 | | 12.50% at age 20 to 2.50% at age 65 | |
| Investment rate of return | 7.00%, net of investment expenses, including inflation | | 7.45%, 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% | | 7.45% | |
| Blended discount rate of return | N/A | | N/A | |
| Health care cost trends | | | | |
| | Initial | Ultimate | Initial | Ultimate |
| Medical | | | | |
| Pre-Medicare | 5.00% | 4.00% | 5.00% | 4.00% |
| Medicare | -16.18% | 4.00% | -6.69% | 4.00% |
| Prescription Drug | | | | |
| Pre-Medicare | 6.50% | 4.00% | 6.50% | 4.00% |
| Medicare | 29.98% | 4.00% | 11.87% | 4.00% |

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

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, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Assumption Changes Since the Prior Measurement Date*** - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

***Benefit Term Changes Since the Prior Measurement Date*** - 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.

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 | 28.00 % | 7.35 % |
| International Equity | 23.00 | 7.55 |
| Alternatives | 17.00 | 7.09 |
| Fixed Income | 21.00 | 3.00 |
| Real Estate | 10.00 | 6.00 |
| Liquidity Reserves | 1.00 | 2.25 |
| Total | 100.00 % | |

*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***Discount Rate -*** The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. 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 these 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, 2021. 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, 2021.

***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, 2021, 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 | $ 926,726 | $ 1,098,218 | $ 1,241,474 |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| District's proportionate share of the net OPEB asset | $ 1,235,669 | $ 1,098,218 | $ 928,247 |

## NOTE 15 - 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, 2021 | $ - |
| Current year set-aside requirement | 213,883 |
| Current year qualifying expenditures | (1,444,113) |
| Current year offsets | (113,491) |
| Total | $ (1,343,721) |
| Balance carried forward to fiscal year 2023 | $ - |
| Set-aside balance June 30, 2022 | $ - |

## NOTE 16 - OTHER COMMITMENTS

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

| Fund | Year-End Encumbrances |
|---|---|
| General | $ 235,063 |
| Nonmajor governmental | 244,472 |
| Total | $ 479,535 |

## NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND PURCHASING POOL

**Metropolitan Educational Technology Association (META) Solutions**

The District is a participant in META Solutions which is a computer consortium. META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. Financial information can be obtained from Ashley Widby, CFO, 100 Executive Drive, Marion, Ohio 43302. The District paid $70,428 to META during fiscal year 2022.

## NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS AND PURCHASING POOL - (Continued)

### South Central Ohio Insurance Consortium

The South Central Ohio Insurance Consortium (SCOIC) is a Regional Council of Governments organized under Ohio Revised Code Chapter 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its member organizations. The governing board consists of the superintendent or other designee appointed by each of the members of the SCOIC. The District does not have an ongoing financial interest in or ongoing financial responsibility for the SCOIC other than medical and dental claims paid on behalf of the District for its employees.

### State Support Team Region 11

The District participates in the State Support Team Region 11 (SSTR11) a jointly governed organization operated by a Regional Advisory Council that is composed of entities within Delaware, Fairfield, Franklin, Licking, Madison, Pickaway, and Union counties and Chillicothe City Schools in Ross County. The purpose of SSTR11 is to provide professional development and technical assistance services to school districts, community schools, career centers, educational service centers, information technology centers, board of developmental disabilities, chartered nonpublic schools, colleges and universities within the region by supporting State and district initiatives. The SSTR11 is governed by an advisory council, which is the advisory body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops recommendations to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the SSTR11, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The Advisory Council exercises total control over the operations of SSTR11 including budgeting, appropriating, contracting, and designating management. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the State Support Team - Region 11, 2080 Citygate Drive, Columbus, Ohio 43219. The District made no payments to SSTR11 during fiscal year 2022.

### Ohio SchoolComp

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

## NOTE 18 - CONTINGENCIES

### A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2022, if applicable, cannot be determined at this time.

### B. Litigation

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

## NOTE 18 - CONTINGENCIES - (Continued)

### C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. The final adjustment was not material and is not reflected in the accompanying financial statements.

## NOTE 19 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2022, consisted of the following, as reported on the fund statements:

| Transfers from | Transfers to | Amount |
|---|---|---|
| General fund | Nonmajor governmental funds | $ 100,000 |
| Nonmajor governmental funds | Nonmajor governmental funds | 38,424 |
| Total | | $ 138,424 |

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

Due to/from other funds consisted of the following at June 30, 2022, as reported on the fund statements:

| Receivable fund | Payable fund | Amount |
|---|---|---|
| General fund | Nonmajor governmental funds | $ 5,801 |

The primary purpose of the interfund balances is to cover temporary cash deficits at June 30, 2022 due to advance spending of approved grant monies. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

## NOTE 20 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD 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 NINE FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| District's proportion of the net pension liability | 0.06542120% | 0.06381990% | 0.05930300% | 0.06218880% |
| District's proportionate share of the net pension liability | $ 2,413,853 | $ 4,221,183 | $ 3,548,202 | $ 3,561,668 |
| District's covered payroll | $ 2,249,143 | $ 2,169,836 | $ 2,071,630 | $ 2,073,689 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 107.32% | 194.54% | 171.28% | 171.76% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.86% | 68.55% | 70.85% | 71.36% |

Note: Information prior to 2014 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

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | |
|---|---|---|---|---|---|---|---|---|---|
| | 0.06529450% | | 0.06653610% | | 0.06320970% | | 0.15302900% | | 0.15302900% |
| $ | 3,901,202 | $ | 4,869,829 | $ | 3,606,807 | $ | 7,744,711 | $ | 9,100,143 |
| $ | 2,119,564 | $ | 1,693,143 | $ | 1,839,932 | $ | 4,446,724 | $ | 4,416,792 |
| | 184.06% | | 287.62% | | 196.03% | | 174.17% | | 206.04% |
| | 69.50% | | 62.98% | | 69.16% | | 71.70% | | 65.52% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD 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 NINE FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| District's proportion of the net pension liability | 0.05208730% | 0.05339471% | 0.05084970% | 0.05199621% |
| District's proportionate share of the net pension liability | $ 6,659,830 | $ 12,919,620 | $ 11,245,106 | $ 11,432,799 |
| District's covered payroll | $ 6,305,886 | $ 6,519,879 | $ 6,018,064 | $ 5,917,836 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 105.61% | 198.16% | 186.86% | 193.19% |
| Plan fiduciary net position as a percentage of the total pension liability | 87.78% | 75.48% | 77.40% | 77.31% |

Note: Information prior to 2014 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

| | | | | |
|---|---|---|---|---|
| **2018** | **2017** | **2016** | **2015** | **2014** |
| 0.05258016% | 0.05251791% | 0.04904232% | 0.16852908% | 0.16852908% |
| $ 12,490,530 | $ 17,579,328 | $ 13,553,863 | $ 40,992,105 | $ 48,829,527 |
| $ 5,985,586 | $ 5,129,621 | $ 5,368,686 | $ 17,219,015 | $ 18,375,592 |
| 208.68% | 342.70% | 252.46% | 238.06% | 265.73% |
| 75.30% | 66.80% | 72.10% | 74.70% | 69.30% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Contractually required contribution | $ 322,839 | $ 314,880 | $ 303,777 | $ 279,670 |
| Contributions in relation to the contractually required contribution | (322,839) | (314,880) | (303,777) | (279,670) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 2,305,993 | $ 2,249,143 | $ 2,169,836 | $ 2,071,630 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 13.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ | 279,948 | $ | 296,739 | $ | 237,040 | $ | 242,503 | $ | 275,973 | $ | 258,052 |
| | (279,948) | | (296,739) | | (237,040) | | (242,503) | | (275,973) | | (258,052) |
| $ | - | $ | - | $ | - | $ | - | $ | - | $ | - |
| $ | 2,073,689 | $ | 2,119,564 | $ | 1,693,143 | $ | 1,839,932 | $ | 1,991,147 | $ | 1,864,538 |
| | 13.50% | | 14.00% | | 14.00% | | 13.18% | | 13.86% | | 13.84% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Contractually required contribution | $ 1,014,132 | $ 882,824 | $ 912,783 | $ 842,529 |
| Contributions in relation to the contractually required contribution | (1,014,132) | (882,824) | (912,783) | (842,529) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 7,243,800 | $ 6,305,886 | $ 6,519,879 | $ 6,018,064 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
|---|---|---|---|---|---|
| $ 828,497 | $ 837,982 | $ 718,147 | $ 751,616 | $ 692,180 | $ 758,210 |
| (828,497) | (837,982) | (718,147) | (751,616) | (692,180) | (758,210) |
| $ - | $ - | $ - | $ - | $ - | $ - |
| $ 5,917,836 | $ 5,985,586 | $ 5,129,621 | $ 5,368,686 | $ 5,324,462 | $ 5,832,385 |
| 14.00% | 14.00% | 14.00% | 14.00% | 13.00% | 13.00% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD 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 SIX FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| District's proportion of the net OPEB liability | 0.06700260% | 0.06488470% | 0.06032360% | 0.06328740% |
| District's proportionate share of the net OPEB liability | $ 1,268,079 | $ 1,410,157 | $ 1,517,012 | $ 1,755,763 |
| District's covered payroll | $ 2,249,143 | $ 2,169,836 | $ 2,071,630 | $ 2,073,689 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 56.38% | 64.99% | 73.23% | 84.67% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 24.08% | 18.17% | 15.57% | 13.57% |

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

| | 2018 | 2017 |
|---|---|---|
| | 0.06532440% | 0.06686331% |
| | $ 1,753,135 | $ 1,905,852 |
| | $ 2,119,564 | $ 1,693,143 |
| | 82.71% | 112.56% |
| | 12.46% | 11.49% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD 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 SIX FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| District's proportion of the net OPEB liability/asset | 0.05208730% | 0.05339471% | 0.05084970% | 0.05199621% |
| District's proportionate share of the net OPEB liability/(asset) | $ (1,098,218) | $ (938,412) | $ (842,193) | $ (835,526) |
| District's covered payroll | $ 6,305,886 | $ 6,519,879 | $ 6,018,064 | $ 5,917,836 |
| District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll | 17.42% | 14.39% | 13.99% | 14.12% |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset | 174.73% | 182.10% | 174.70% | 176.00% |

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

| | 2018 | 2017 |
|---|---|---|
| | 0.05258016% | 0.05251791% |
| | $ 2,051,484 | $ 2,808,671 |
| | $ 5,985,586 | $ 5,129,621 |
| | 34.27% | 54.75% |
| | 47.10% | 37.30% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Contractually required contribution | $ 41,842 | $ 40,941 | $ 35,340 | $ 45,067 |
| Contributions in relation to the contractually required contribution | (41,842) | (40,941) | (35,340) | (45,067) |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 2,305,993 | $ 2,249,143 | $ 2,169,836 | $ 2,071,630 |
| Contributions as a percentage of covered payroll | 1.81% | 1.82% | 1.63% | 2.18% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ | 45,433 | $ | 31,281 | $ | 31,414 | $ | 15,087 | $ | 30,050 | $ | 27,148 |
| | (45,433) | | (31,281) | | (31,414) | | (15,087) | | (30,050) | | (27,148) |
| $ | - | $ | - | $ | - | $ | - | $ | - | $ | - |
| $ | 2,073,689 | $ | 2,119,564 | $ | 1,693,143 | $ | 1,839,932 | $ | 1,991,147 | $ | 1,864,538 |
| | 2.19% | | 1.48% | | 1.86% | | 0.82% | | 1.51% | | 1.46% |

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| Contractually required contribution | $ - | $ - | $ - | $ - |
| Contributions in relation to the contractually required contribution | - | - | - | - |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - |
| District's covered payroll | $ 7,243,800 | $ 6,305,886 | $ 6,519,879 | $ 6,018,064 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| | 2018 | | 2017 | | 2016 | | 2015 | | 2014 | | 2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| $ | - | $ | - | $ | - | $ | - | $ | 53,245 | $ | 58,324 |
| | - | | - | | - | | - | | (53,245) | | (58,324) |
| $ | - | $ | - | $ | - | $ | - | $ | - | $ | - |
| $ | 5,917,836 | $ | 5,985,586 | $ | 5,129,621 | $ | 5,368,686 | $ | 5,324,462 | $ | 5,832,385 |
| | 0.00% | | 0.00% | | 0.00% | | 0.00% | | 1.00% | | 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 years 2014-2017.
- 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%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- 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%.

*Changes in assumptions* :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- 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 Weight Below Median Healthy Retiree mortality table.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms* :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- 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.

(Continued)

PENSION (CONTINUED)

*Changes in assumptions* :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- 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%.

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 years 2014-2022.

*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) 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%.
- 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 Weight Below Median Healthy Retiree mortality table.

*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.

*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.
- 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.

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**
**FOR THE YEAR ENDED JUNE 30, 2022**

| **FEDERAL GRANTOR**<br>***Pass Through Grantor***<br>**Program / Cluster Title** | **Federal AL Number** | **Total Federal Expenditures** |
|---|---|---|
| **U.S. DEPARTMENT OF AGRICULTURE** | | |
| ***Passed Through Ohio Department of Education*** | | |
| **Child Nutrition Cluster** | | |
| **School Breakfast Program** | | |
| School Breakfast Program | 10.553 | $ 124,810 |
| **Total School Breakfast Program** | | 124,810 |
| **National School Lunch Program** | | |
| National School Lunch Program | 10.555 | 445,522 |
| National School Lunch Program - Food Donation | 10.555 | 40,783 |
| **Total National School Lunch Program** | | 486,305 |
| **Total Child Nutrition Cluster** | | 611,115 |
| State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant | 10.649 | 614 |
| **Total U.S. Department of Agriculture** | | **611,729** |
| **U.S. DEPARTMENT OF EDUCATION** | | |
| ***Passed Through Ohio Department of Education*** | | |
| **Title I** | | |
| Title I Grants to Local Educational Agencies | 84.010 | 251,246 |
| **Total Title I** | | 251,246 |
| **Special Education Cluster** | | |
| Special Education_Grants to States | 84.027 | 290,010 |
| COVID-19 Special Education_Grants to States | 84.027 | 61,110 |
| Total Special Education_Grants to States | | 351,120 |
| Special Education_Preschool Grants | 84.173 | 6,659 |
| COVID-19 Special Education_Preschool Grants | 84.173 | 4,524 |
| Total Special Education_Preschool Grants | | 11,183 |
| **Total Special Education Cluster** | | 362,303 |
| **Title IV-A** | | |
| Student Support and Academic Enrichment Program | 84.424 | 14,472 |
| **Total Title IV-A** | | 14,472 |
| **COVID-19 Education Stabilization Fund (ESF)** | | |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D | 427,951 |
| COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 212,484 |
| COVID-19 American Rescue Plan – Elementary and Secondary School Emergency Relief –Homeless Children and Youth | 84.425W | 5,183 |
| **Total COVID-19 Education Stabilization Fund (ESF)** | | 645,618 |
| **Total U.S. Department of Education** | | **1,273,639** |
| **Total Expenditures of Federal Awards** | | **$ 1,885,368** |

*The accompanying notes are an integral part of this schedule.*

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Note A – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Liberty Union-Thurston Local School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**Note C – Indirect Cost Rate**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note D – Child Nutrition Cluster**

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

**Note E – Food Donation Program**

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

**Note F - Transfers Between Federal Programs**

During fiscal year 2022, the District made allowable transfers of $38,424 from the Improving Teacher Quality State Grants (84.367) program to the Title I Grants to Local Educational Agencies (84.010) program. The amount transferred to the Title I Grants to Local Educational Agencies program is included as Title I Grants to Local Educational Agencies expenditures when disbursed. The following table shows the gross amount drawn for the Improving Teacher Quality State Grants program during fiscal year 2022 and the amount transferred to the Title I Grants to Local Educational Agencies program.

| | |
|---|---|
| Improving Teacher Quality State Grants (84.367) | $ 38,424 |
| Transfer to Title I Grants to Local Educational Agencies (84.010) | (38,424) |
| Total Improving Teacher Quality State Grants (84.367) | $ 0 |

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Liberty Union-Thurston Local School District
Fairfield County
1108 South Main Street
Baltimore, Ohio 43105

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards),* the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Liberty Union-Thurston Local School District**, Fairfield County (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 3, 2023.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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

**Perry and Associates**
Certified Public Accountants, A.C.
*Marietta, Ohio*

January 3, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Liberty Union-Thurston Local School District
Fairfield County
1108 South Main Street
Baltimore, Ohio 43105

To the Board of Education:

***Report on Compliance for the Major Federal Program***

***Opinion on the Major Federal Program***

We have audited **Liberty Union-Thurston Local School District's**, Fairfield County (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Liberty Union-Thurston Local School District's major federal program for the year ended June 30, 2022. Liberty Union-Thurston Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of audit findings.

In our opinion, Liberty Union-Thurston Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

***Basis for Opinion on the Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

***Report on Internal Control Over Compliance***

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Perry & Associates CPA's A.C.

**Perry and Associates**
Certified Public Accountants, A.C.
*Marietta, Ohio*

January 3, 2023

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**
**FAIRFIELD COUNTY**

**SCHEDULE OF AUDIT FINDINGS**
**2 CFR § 200.515**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| *(d)(1)(i)* | **Type of Financial Statement Opinion** | Unmodified |
| *(d)(1)(ii)* | **Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?** | No |
| *(d)(1)(ii)* | **Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?** | No |
| *(d)(1)(iii)* | **Was there any reported material noncompliance at the financial statement level (GAGAS)?** | No |
| *(d)(1)(iv)* | **Were there any material weaknesses in internal control reported for major federal programs?** | No |
| *(d)(1)(iv)* | **Were there any other significant deficiencies in internal control reported for major federal programs?** | No |
| *(d)(1)(v)* | **Type of Major Programs' Compliance Opinion** | Unmodified |
| *(d)(1)(vi)* | **Are there any reportable findings under 2 CFR § 200.516(a)?** | No |
| *(d)(1)(vii)* | **Major Programs (list):** | Education Stabilization Fund – AL # 84.425 |
| *(d)(1)(viii)* | **Dollar Threshold: Type A/B Programs** | Type A: > $ 750,000<br>Type B: all others |
| *(d)(1)(ix)* | **Low Risk Auditee under 2 CFR § 200.520?** | Yes |

## 2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

## 3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
**KEITH FABER**

**LIBERTY UNION-THURSTON LOCAL SCHOOL DISTRICT**

**FAIRFIELD COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

**This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.**

**Certified for Release 3/7/2023**

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