FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

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 Fremont City School District, Sandusky 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 Fremont City School District, Sandusky 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 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 October 18, 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.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2023

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The management's discussion and analysis of Fremont City School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 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 $13,160,551 or 38.98% from 2021's net position.

- Capital assets increased $13,023,083 during fiscal year 2022.

- During the fiscal year, outstanding debt decreased from $75,535,949 to $73,893,788.

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary 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, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General fund, Bond Retirement fund and Classroom Facilities 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 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. The Internal Service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's uses its Internal Service fund to account for its healthcare costs. Because this service predominately benefits governmental functions, they have been included within governmental activities in the government-wide statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

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The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2022 and 2021.

	Net Position - Governmental Activities	
	2022	2021
Assets		
Current and other assets	$ 53,516,429	$ 60,529,002
Net OPEB asset	3,480,555	3,020,824
Capital assets, net	138,447,678	125,424,595
Total assets	195,444,662	188,974,421
Deferred outflows of resources		
Deferred charges on refunding	745,934	852,021
Pension & OPEB	11,441,177	10,649,373
Total deferred outflows	12,187,111	11,501,394
Liabilities		
Current liabilities	7,846,219	9,786,737
Long-term liabilities:		
Due within one year	1,610,847	1,600,777
Due in more than one year:		
Net pension liability	26,880,625	52,298,201
Net OPEB liability	3,017,007	3,536,236
Other amounts	77,163,540	78,766,186
Total liabilities	116,518,238	145,988,137
Deferred inflows of resources		
Property taxes	13,853,876	12,508,475
Pensions	24,028,878	2,176,463
OPEB	6,304,389	6,036,899
Total deferred inflows	44,187,143	20,721,837
Net Position		
Net investment in capital assets	71,422,923	62,072,710
Restricted	17,191,485	17,711,171
Unrestricted (deficit)	(41,688,016)	(46,018,040)
Total net position	$ 46,926,392	$ 33,765,841

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

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

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

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

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

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

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

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

Analysis of Net Position

Over time, net position can serve as a useful indicator of a District's financial position. At June 30, 2022, the District's assets and deferred outflows exceeded liabilities plus deferred inflows of resources by $46,926,392.

Current and other assets decreased approximately 11.59% primarily due to a decrease in cash as the District expensed monies on various construction projects.

At year-end, capital assets represented 70.84% of total assets. Capital assets include land, construction in progress, land improvements, buildings, equipment and vehicles. Investment in capital assets at June 30, 2022, was $71,422,923. These capital assets are used to provide services to the students and are not available for future spending.

Current liabilities decreased due to a decrease in contracts payable related to District's construction projects.

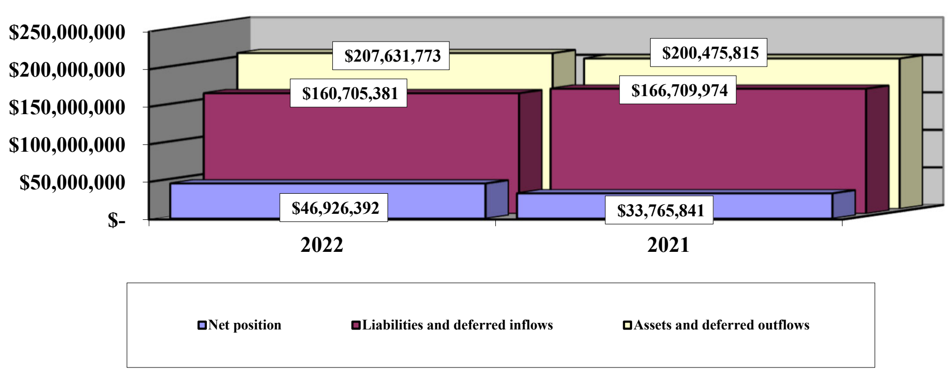
Long-term liabilities decreased primarily due to a decrease in the District's net pension liability. The District's net pension liability decreased approximately $25.4 million while deferred inflows of resources related to pension increased approximately $21.9 million. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the 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 cause a large increase in fiduciary net position. The District's net pension liability and net OPEB liability are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

Deferred inflows related to pension increased as described above. See Note 12 for more information on the District's net pension liability and the District's related deferred inflows.

A portion of the District's net position, $17,191,485, represents resources that are subject to external restriction on how they may be used. The District's unrestricted net position is a deficit of $41,688,016.

The table below provides a summary of the District's assets and deferred outflows, liabilities and deferred inflows and net position for fiscal years 2022 and 2021.

Governmental Activities



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

	Change in Net Position - Governmental Activities	
Revenues	2022	2021
Program revenues:		
Charges for services and sales	$ 804,908	$ 1,094,229
Operating grants and contributions	11,452,011	9,712,087
Capital grants and contributions	29,597	104,722
General revenues:		
Property taxes	21,576,303	18,525,184
Income taxes	9,827,435	9,031,648
Grants and entitlements	15,468,723	18,576,167
Miscellaneous	(157,526)	293,898
Total revenues	59,001,451	57,337,935
Expenses		
Program expenses:		
Instruction:		
Regular	17,539,070	23,761,919
Special	7,040,163	6,693,116
Vocational	47,591	83,941
Other	37,125	13,975
Support services:		
Pupil	2,801,034	4,428,958
Instructional staff	1,357,153	1,902,890
Board of education	33,556	33,920
Administration	3,137,790	3,968,991
Fiscal	971,772	1,147,629
Business	233,996	275,860
Operations and maintenance	4,183,612	5,590,554
Pupil transportation	1,739,543	2,067,556
Central	808,201	974,597
Operation of non-instructional services:		
Food service operations	1,723,899	1,879,887
Community services	378,685	537,962
Extracurricular activities	958,182	1,123,242
Interest and fiscal charges	2,849,528	3,081,496
Total expenses	45,840,900	57,566,493
Change in net position	13,160,551	(228,558)
Net position at beginning of year	33,765,841	33,994,399
Net position at end of year	$ 46,926,392	$ 33,765,841

Governmental Activities

Net position of the District's governmental activities increased $13,160,551. Total governmental expenses of $45,840,900 were offset by program revenues of $12,286,516 and general revenues of $46,714,935. Program revenues supported 26.80% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 79.44% of total governmental revenue. Real estate property is reappraised every six years. Grants and entitlements not restricted to specific programs decreased due to a change in the State of Ohio's funding formula for where kids that were open enrolled to other schools. Under the new formula, funding goes directly to the school where the open enrolled student attends rather than being passed through the District. Operating grants and contributions increased primarily due to increased federal grant funding including Elementary and Secondary School Emergency Relief (ESSER) funding.

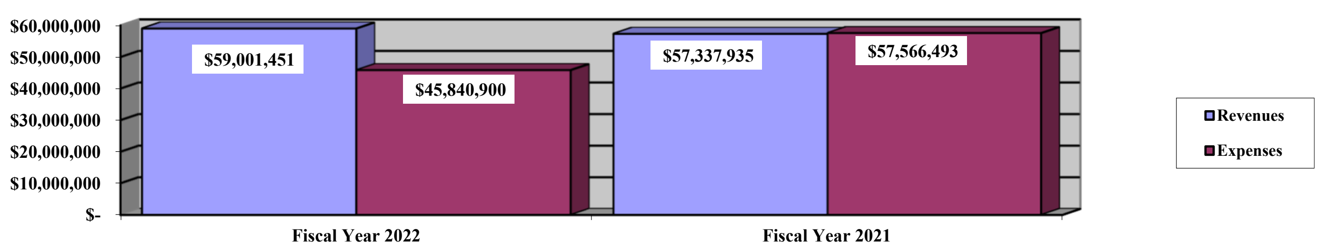
Miscellaneous general revenues, as presented in the table above, includes the District's decrease in fair value of investments. GAAP requires certain investments to be reported at fair value rather than cost. Fluctuations in the fair value of investments are reported as an increase (decrease) in fair value of investments. The fair value of investments has decreased as interest rates continue to rise. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

Overall, expenses of the governmental activities decreased $11,725,593 or 20.37%. On an accrual basis, the District reported ($959,159) and $6,018,319 in pension expense for fiscal year 2022 and 2021, respectively. The decrease in the net pension expense from fiscal year 2021 to fiscal year 2022 was $6,977,478. This decrease is primarily the result of increased investment income at the retirement systems level which affects the District's pension expense. Fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

Instruction expenses decreased due to a change in the State of Ohio's funding formula for where kids that were open enrolled to other schools. Under the new formula, funding goes directly to the school where the open enrolled student attends rather than being passed through the District.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2022 and 2021:

Governmental Activities - Revenues and Expenses



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

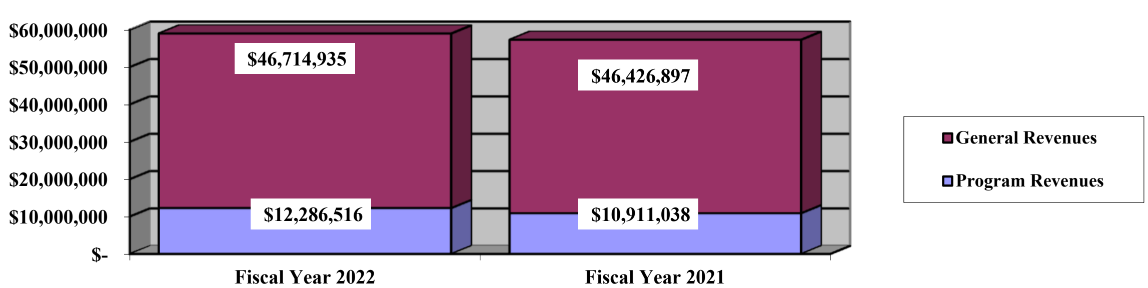
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses				
Instruction:				
Regular	$ 17,539,070	$ 13,730,570	$ 23,761,919	$ 20,772,576
Special	7,040,163	3,837,584	6,693,116	3,669,673
Vocational	47,591	45,523	83,941	28,734
Other	37,125	4,562	13,975	2,984
Support services:				
Pupil	2,801,034	2,273,061	4,428,958	3,734,304
Instructional staff	1,357,153	957,603	1,902,890	1,287,272
Board of education	33,556	33,556	33,920	33,920
Administration	3,137,790	3,008,580	3,968,991	3,735,485
Fiscal	971,772	971,772	1,147,629	1,147,629
Business	233,996	233,996	275,860	202,846
Operations and maintenance	4,183,612	4,129,594	5,590,554	5,352,524
Pupil transportation	1,739,543	1,192,318	2,067,556	1,908,777
Central	808,201	775,692	974,597	866,872
Operation of non-instructional:				
Food service operations	1,723,899	(911,903)	1,879,887	(22,151)
Other non-instructional services	378,685	(156,177)	537,962	(79,473)
Extracurricular activities	958,182	578,525	1,123,242	931,987
Interest and fiscal charges	2,849,528	2,849,528	3,081,496	3,081,496
Total expenses	$ 45,840,900	$ 33,554,384	$ 57,566,493	$ 46,655,455

The dependence upon tax and other general revenues for governmental activities is apparent, as 71.43% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 73.20%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $24,228,722 which is less than last year's balance of $27,196,484. 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
General	$ 7,502,331	$ 4,003,367	$ 3,498,964
Bond retirement	5,699,710	5,391,705	308,005
Classroom facilities	3,076,336	9,023,745	(5,947,409)
Other Governmental	7,950,345	8,777,667	(827,322)
Total	$ 24,228,722	$ 27,196,484	$ (2,967,762)

General Fund

The District's General fund's fund balance increased by $3,498,964.

	2022 Amount	2021 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	$ 24,025,325	$ 21,130,736	$ 2,894,589	13.70 %
Tuition and fees	378,110	746,804	(368,694)	(49.37) %
Earnings on investments	64,193	56,771	7,422	13.07 %
Intergovernmental	17,800,846	20,726,726	(2,925,880)	(14.12) %
Other revenues	(100,036)	327,519	(427,555)	(130.54) %
Total	$ 42,168,438	$ 42,988,556	$ (820,118)	(1.91) %
Expenditures				
Instruction	$ 22,090,445	$ 26,019,010	$ (3,928,565)	(15.10) %
Support services	15,780,058	15,901,867	(121,809)	(0.77) %
Operation of non-instructional services	2,281	22,092	(19,811)	(89.67) %
Extracurricular activities	796,690	858,691	(62,001)	(7.22) %
Total	$ 38,669,474	$ 42,801,660	$ (4,132,186)	(9.65) %

Revenues of the General fund decreased $820,118 or 1.91%. Tuition and fees decreased due to decreased special education revenues. Earnings on investment increased due to higher interest rates on investments. Tax revenues increased primarily due to increased assessed valuations of taxable property. Other revenue, in the table above, includes the District's decrease in fair value of investments. GAAP requires certain investments to be reported at fair value rather than cost. Fluctuations in the fair value of investments are reported as an increase (decrease) in fair value of investments. The fair value of investments have decreased as interest rates continue to rise. The District intends to hold all investments to maturity thus eliminating the risk of fluctuations in fair value.

Instruction expenditures and intergovernmental revenue both decreased due to a change in the State of Ohio's funding formula for where kids that were open enrolled to other schools. Under the new formula, funding goes directly to the school where the open enrolled student attends rather than being passed through the District.

Expenditures of the General fund decreased $4,132,186 or 9.65%. Instruction expenditures decreased as described above. All other expenditures remained comparable to the prior fiscal year or decreased an insignificant amount.

General Fund Budgeting Highlights

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

For the General fund, final budgeted revenues and other financing sources were $45,803,361, which was the same as in the original budgeted revenues in total. The District made line item changes to the budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2022 were $41,126,575, which is $4,676,786 less than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures plus other financing uses) of $43,051,208 were less than the final appropriations of $50,707,759. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled $38,959,517, which were $11,748,242 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $138,447,678 invested in land, construction in progress, land improvements, buildings, equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2022 balances compared to June 30, 2021:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2022	2021
Land	$ 673,343	$ 673,343
Construction in progress	110,633,433	97,412,934
Land improvements	261,160	299,450
Buildings	26,020,242	26,452,523
Equipment	149,273	377,326
Vehicles	710,227	209,019
Total	$ 138,447,678	$ 125,424,595

The overall increase in capital assets of $13,023,083 is primarily due to construction in progress within total additions of $13,975,565 exceeding depreciation expense of $952,082 and disposals of $400. See Note 10 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2022, the District had $68,805,000 in general obligation bonds. Of this total, $1,400,000 is due within one year and $67,405,000 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2022	Governmental Activities 2021
General obligation bonds:		
Various serial/term bonds	$ 68,805,000	$ 70,160,000

At June 30, 2022, the District's overall legal debt margin was $6,759,947 and the unvoted debt margin was $776,280. See Note 16 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The Board of Education and administration closely monitor revenues and expenditures so as to remain financially sound. The District faces financial challenges from both local and State issues. The State currently provides approximately 45% of the District's operating revenue, while local taxpayers provide the remaining 55%. The District is on the guarantee with regard to State funding. Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong.

The District's management will continue to carefully and prudently plan to provide effective and efficient programs and services to meet the needs of our students with all available resources.

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 any questions about this report or need additional financial information, contact Megan Parkhurst, Treasurer, at Fremont City School District, 500 West State Street, Suite A, Fremont, Ohio 43420-2580.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 25,671,190
Receivables:	
Property taxes	21,013,775
Income taxes	4,444,147
Intergovernmental	2,306,922
Accounts	1,560
Accrued interest	17,919
Notes	9,513
Prepayments	51,403
Net OPEB asset	3,480,555
Capital assets:	
Nondepreciable capital assets	111,306,776
Depreciable capital assets, net	27,140,902
Capital assets, net	138,447,678
Total assets	195,444,662
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	745,934
Pension	10,347,813
OPEB	1,093,364
Total deferred outflows of resources	12,187,111
Liabilities:	
Accounts payable	155,169
Accrued wages and benefits payable	3,392,200
Contracts payable	828,608
Retainage payable	824,267
Intergovernmental payable	872,167
Accrued interest payable	1,502,598
Claims payable	271,210
Long-term liabilities:	
Due within one year	1,610,847
Due in more than one year:	
Net pension liability	26,880,625
Net OPEB liability	3,017,007
Other amounts due in more than one year	77,163,540
Total liabilities	116,518,238
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	13,853,876
Pension	24,028,878
OPEB	6,304,389
Total deferred inflows of resources	44,187,143
Net position:	
Net investment in capital assets	71,422,923
Restricted for:	
Capital projects	5,327,472
Classroom facilities maintenance	2,772,750
Debt service	6,568,582
State funded programs	279,738
Food service operations	993,958
Student activities	498,463
Other purposes	750,522
Unrestricted (deficit)	(41,688,016)
Total net position	$ 46,926,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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, Contributions and Interest**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction:					
Regular	$ 17,539,070	$ 224,474	$ 3,582,314	$ 1,712	$ (13,730,570)
Special	7,040,163	149,643	3,052,936	-	(3,837,584)
Vocational	47,591	-	2,068	-	(45,523)
Other	37,125	-	32,563	-	(4,562)
Support services:					
Pupil	2,801,034	-	527,973	-	(2,273,061)
Instructional staff	1,357,153	2,092	397,458	-	(957,603)
Board of education	33,556	-	-	-	(33,556)
Administration	3,137,790	11,163	118,047	-	(3,008,580)
Fiscal	971,772	-	-	-	(971,772)
Business	233,996	-	-	-	(233,996)
Operations and maintenance	4,183,612	123	26,010	27,885	(4,129,594)
Pupil transportation	1,739,543	-	547,225	-	(1,192,318)
Central	808,201	2,979	29,530	-	(775,692)
Operation of non-instructional services					
Food service operations	1,723,899	39,838	2,595,964	-	911,903
Community services	378,685	16,193	518,669	-	156,177
Extracurricular activities	958,182	358,403	21,254	-	(578,525)
Debt service:					
Interest and fiscal charges	2,849,528	-	-	-	(2,849,528)
Total governmental activities	$ 45,840,900	$ 804,908	$ 11,452,011	$ 29,597	(33,554,384)
		General revenues:			
		Property taxes levied for:			
		General purposes			15,741,627
		Debt service			4,975,375
		Capital outlay			859,301
		Income taxes levied for:			
		General purposes			9,827,435
		Grants and entitlements not restricted to specific programs			15,468,723
		Investment earnings			66,760
		(Decrease) in fair value of investments			(356,197)
		Miscellaneous			131,911
		Total general revenues			46,714,935
		Change in net position			13,160,551
		Net position at beginning of year			33,765,841
		Net position at end of year			$ 46,926,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 6,070,963	$ 4,841,633	$ 4,722,606	$ 7,776,764	$ 23,411,966
Receivables:					
Property taxes	14,933,878	5,264,524	-	815,373	21,013,775
Income taxes	4,444,147	-	-	-	4,444,147
Accounts	1,560	-	-	-	1,560
Accrued interest	17,919	-	-	-	17,919
Interfund loans	533,268	-	-	-	533,268
Intergovernmental	7,207	-	1,424,880	874,835	2,306,922
Notes	-	-	-	9,513	9,513
Prepayments	44,554	-	-	6,849	51,403
Total assets	$ 26,053,496	$ 10,106,157	$ 6,147,486	$ 9,483,334	$ 51,790,473
Liabilities:					
Accounts payable	$ 100,585	$ -	$ -	$ 54,584	$ 155,169
Accrued wages and benefits payable	3,222,454	-	-	169,746	3,392,200
Contracts payable	-	-	822,003	6,605	828,608
Retainage payable	-	-	824,267	-	824,267
Compensated absences payable	8,518	-	-	-	8,518
Intergovernmental payable	859,383	-	-	12,784	872,167
Interfund loans payable	-	-	-	533,268	533,268
Total liabilities	4,190,940	-	1,646,270	776,987	6,614,197
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	9,774,597	3,537,575	-	541,704	13,853,876
Delinquent property tax revenue not available	3,862,528	868,872	-	170,871	4,902,271
Income tax revenue not available	717,632	-	-	-	717,632
Intergovernmental revenue not available	-	-	1,424,880	43,427	1,468,307
Accrued interest not available	5,468	-	-	-	5,468
Total deferred inflows of resources	14,360,225	4,406,447	1,424,880	756,002	20,947,554
Fund balances:					
Nonspendable:					
Prepaids	44,554	-	-	6,849	51,403
Restricted:					
Debt service	-	5,699,710	-	-	5,699,710
Capital improvements	-	-	3,076,336	2,624,993	5,701,329
Classroom facilities maintenance	-	-	-	2,772,750	2,772,750
Food service operations	-	-	-	1,080,000	1,080,000
Non-public schools	-	-	-	151,280	151,280
State funded programs	-	-	-	156,188	156,188
Extracurricular	-	-	-	498,463	498,463
Other purposes	-	-	-	750,522	750,522
Committed:					
Underground storage tanks	11,000	-	-	-	11,000
Assigned:					
Student instruction	90,081	-	-	-	90,081
Student and staff support	450,317	-	-	-	450,317
Extracurricular activities	16,301	-	-	-	16,301
Public school support	491,055	-	-	-	491,055
Subsequent year's appropriations	6,399,023	-	-	-	6,399,023
Unassigned (deficit)	-	-	-	(90,700)	(90,700)
Total fund balances	7,502,331	5,699,710	3,076,336	7,950,345	24,228,722
Total liabilities, deferred inflows and fund balances	$ 26,053,496	$ 10,106,157	$ 6,147,486	$ 9,483,334	$ 51,790,473

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

Total governmental fund balances		$ 24,228,722
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.		138,447,678
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 4,902,271	
Income taxes receivable	717,632	
Accrued interest receivable	5,468	
Intergovernmental receivable	1,468,307	
Total		7,093,678
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.		1,988,014
Unamortized premiums on bonds issued are not recognized in the funds.		(5,088,788)
Unamortized amounts on refundings are not recognized in the funds.		745,934
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(1,502,598)
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	10,347,813	
Deferred inflows - pension	(24,028,878)	
Net pension liability	(26,880,625)	
Deferred outflows - OPEB	1,093,364	
Deferred inflows - OPEB	(6,304,389)	
Net OPEB asset	3,480,555	
Net OPEB liability	(3,017,007)	
Total		(45,309,167)
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	(68,805,000)	
Compensated absences	(4,872,081)	
Total		(73,677,081)
Net position of governmental activities		$ 46,926,392

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 13,980,789	$ 4,591,535	$ -	$ 785,872	$ 19,358,196
Income taxes	10,044,536	-	-	-	10,044,536
Intergovernmental	17,800,846	212,306	5,230,236	9,211,679	32,455,067
Investment earnings	64,193	-	27,885	2,689	94,767
Tuition and fees	378,110	-	-	-	378,110
Extracurricular	75,285	-	-	283,118	358,403
Rental income	16,193	-	-	-	16,193
Charges for services	12,243	-	-	39,961	52,204
Contributions and donations	20,529	-	-	16,395	36,924
Miscellaneous	131,911	-	-	14,256	146,167
(Decrease) in fair value of investments	(356,197)	-	-	-	(356,197)
Total revenues	42,168,438	4,803,841	5,258,121	10,353,970	62,584,370
Expenditures:					
Current:					
Instruction:					
Regular	16,064,440	-	-	3,697,063	19,761,503
Special	5,969,996	-	-	1,575,140	7,545,136
Vocational	44,672	-	-	-	44,672
Other	11,337	-	-	33,459	44,796
Support services:					
Pupil	3,089,513	-	-	83,595	3,173,108
Instructional staff	1,129,870	-	-	399,380	1,529,250
Board of education	34,675	-	-	-	34,675
Administration	3,472,340	-	-	112,807	3,585,147
Fiscal	903,117	86,336	-	15,927	1,005,380
Business	201,194	-	-	15,957	217,151
Operations and maintenance	4,119,892	-	-	348,651	4,468,543
Pupil transportation	1,947,980	-	-	372,880	2,320,860
Central	881,477	-	-	-	881,477
Operation of non-instructional services					
Food service operations	-	-	-	1,730,303	1,730,303
Community services	2,281	-	-	418,815	421,096
Extracurricular activities	796,690	-	-	285,003	1,081,693
Facilities acquisition and construction	-	-	11,205,530	2,092,312	13,297,842
Debt service:					
Principal retirement	-	1,355,000	-	-	1,355,000
Interest and fiscal charges	-	3,054,500	-	-	3,054,500
Total expenditures	38,669,474	4,495,836	11,205,530	11,181,292	65,552,132
Net change in fund balances	3,498,964	308,005	(5,947,409)	(827,322)	(2,967,762)
Fund balances at beginning of year	4,003,367	5,391,705	9,023,745	8,777,667	27,196,484
Fund balances at end of year	$ 7,502,331	$ 5,699,710	$ 3,076,336	$ 7,950,345	$ 24,228,722

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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		$ (2,967,762)
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	$ 13,975,565	
Current year depreciation	(952,082)	
Total		13,023,483
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(400)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	2,218,106	
Income taxes	(217,101)	
Earnings on investments	2,567	
Intergovernmental	(5,586,491)	
Total		(3,582,919)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds		1,355,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	23,898	
Amortization of bond premiums	287,161	
Amortization of deferred charges	(106,087)	
Total		204,972
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,647,083	
OPEB	99,980	
Total		3,747,063
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	959,159	
OPEB	362,213	
Total		1,321,372
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.		(41,067)
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		100,809
Change in net position of governmental activities		$ 13,160,551

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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 and Other Financing Sources	$ 45,803,361	$ 45,803,361	$ 41,126,575	$ (4,676,786)
Expenditures and Other Financing Uses	43,051,208	50,707,759	38,959,517	11,748,242
Net change in fund balance	2,752,153	(4,904,398)	2,167,058	7,071,456
Fund balance at beginning of year	2,957,643	2,957,643	2,957,643	-
Prior year encumbrances appropriated	648,611	648,611	648,611	-
Fund balance at end of year	$ 6,358,407	$ (1,298,144)	$ 5,773,312	$ 7,071,456

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2022

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Equity in pooled cash and investments	$ 2,259,224
Liabilities:	
Current liabilities:	
Claims payable	271,210
Net position:	
Unrestricted	$ 1,988,014

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 5,958,392
Other	42,653
Total operating revenues	6,001,045
Operating expenses:	
Purchased services	1,208,080
Claims	4,692,156
Total operating expenses	5,900,236
Operating income/change in net position	100,809
Net position at beginning of year	1,887,205
Net position at end of year	$ 1,988,014

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from charges for services	$ 5,958,392
Cash received from other operations	42,653
Cash payments to suppliers for goods and services	(1,208,080)
Cash payments for claims	(4,676,027)
Net cash provided by operating activities	116,938
Net increase in cash and cash equivalents	116,938
Cash and cash equivalents at beginning of year	2,142,286
Cash and cash equivalents at end of year	$ 2,259,224
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 100,809
Changes in assets and liabilities:	
Increase in claims payable	16,129
Net cash provided by operating activities	$ 116,938

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE DISTRICT

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

The District was established in 1968 through the consolidation of existing land areas and school districts. The District serves an area of approximately one hundred sixty-two square miles. It is located in central Sandusky County, including all of the City of Fremont and portions of surrounding townships. It is staffed by 167 classified employees, 292 certified teaching personnel, including 28 administrative employees who provide services to students and other community members. The District currently operates seven elementary schools, a middle school, and a comprehensive high school.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, agencies and offices that are not legally separate from the District. For Fremont City 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 provides 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. There are no component units of Fremont City School District.

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

Parochial Schools - Within the District boundaries, Bishop Hoffman Catholic Schools are operated through the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. The monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes by the District.

The District participates in three jointly governed organizations. These organizations are the Northern Ohio Educational Computer Association, Vanguard-Sentinel Career Center, and the Ohio Schools Council. These organizations are presented in Note 18 to the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

The 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. 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. 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.

Fund Accounting

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

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

General Fund – The General fund accounts for all financial resources except those required to be accounted for in another fund. The General fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond Retirement Fund – The Bond Retirement fund is used to account for the accumulation of property tax revenues restricted for the payment of the general obligation bonds used for the construction and improvements of school buildings and facilities.

Classroom Facilities Fund – The Classroom Facilities fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

The other governmental funds of the District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District reports one type of proprietary fund:

> ***Internal Service Fund*** – The Internal Service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's Self Insurance internal service fund accounts for the activities of the program for employee health care benefits and workers' compensation.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any fiduciary funds.

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 all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenditures) in total 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 balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 statements fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified 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, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. 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. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position 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 until that time. For the District, deferred inflows of resources include property taxes, property tax refund, pension, OPEB 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 on both the government-wide statement of net position and 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 may include delinquent property taxes, income taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

Expenses/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 governmental funds.

Budgetary Process

All funds, other than agency 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. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. 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 fiscal year.

Cash and Investments

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

During fiscal year 2022, investments were limited to negotiable certificates of deposit (negotiable CD's), Federal Farm Credit Bank bonds (FFCB), Federal Home Loan Bank bonds (FHLB), U.S. government money market funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

All interest is legally required to be placed in the general fund, and other funds as approved by a Board resolution. Interest revenue credited to the General fund during fiscal year 2022 amount to $64,193, which includes $43,084 assigned from other District funds.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

Description	Estimated Lives
Land Improvements	5 - 7 Years
Buildings	5 - 75 Years
Equipment	3 - 25 Years
Vehicles	4 - 15 Years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable 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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing 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. At June 30, 2022, none of the District's net position was restricted for enabling legislation.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

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 – Fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually 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, unless the use of the proceeds from the collection of those receivables is restricted, committed, or assigned.

Restricted – Fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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. 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 – Fund balance classifications are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. 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 or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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 used only to report a deficit 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 either restricted or unrestricted (committed, assigned, and unassigned) amounts are 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.

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 in the internal service fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating.

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 and after non-operating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Estimates

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

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. The implementation of GASB Statement No. 87 and GASB Implementation Guide 2019-3 did not have an effect on the financial statements of the District.

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.

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B. Deficit Fund Balances

Fund balances at December 31, 2022 included the following individual fund deficits:

Nonmajor funds	Deficit
Public School Preschool	$ 4,796
Title I Migrant Children	1
21st Century	35,491
IDEA Part B	9,916
Title III Limited English Proficiency	1,470
Title I	20,473
Title II-A	5,052
Miscellaneous Federal Grants	11,717
Total	$ 88,916

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.

C. Appropriations Exceeded Estimated Resources

Contrary to Ohio law, the Treasurer did not properly certify to the County Auditor the total amount from all sources available for expenditures from each fund. Because of this, appropriations exceeded estimated resources in the General and Classroom Facilities funds.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis), is presented for the General fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures/expenses and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as assigned, committed or restricted fund balance (GAAP).

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the General fund.

Net Change in Fund Balance

Budget Basis	$ 2,167,058
Net Adjustment for Revenue Accruals	849,198
Net Adjustment for Expenditure Accruals	(171,130)
Funds Budgeted Elsewhere	94,393
Adjustment for Encumbrances	559,445
GAAP Basis	$ 3,498,964

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes Rotary Fund-Special Services, Flex Benefits, Internal Services Rotary, Unclaimed Funds, Underground Storage Tanks, and Public School Support funds.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those 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.

Protection of the District's 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.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements for a period not to exceed thirty days in securities listed above provided that the market 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;

4. Bonds and other obligations of the State of Ohio;

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

6. The State Treasurer's investment pool (STAR Ohio);

7. Commercial paper notes, limited to 40 percent (5 percent for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed 270 days; and

8. Bankers' acceptances, limited to 40 percent of the interim monies available for investmentat any one time and for a period not to exceed 180 days.

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. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

At June 30, 2022, the carrying amount of all District deposits was $9,316,253 and the bank balance of all District deposits was $9,944,345. Of the bank balance, $751,591 was covered by the FDIC and $9,192,754 was collateralized through the OPCS. Although all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party.

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:

- Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

- 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 required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

			Investment Maturities (in years)			
Rating	Investment	Measurement Amount	Less than 1	1 - 3	Over 3	% Total Investments
	Net Asset Value:					
AAAm	STAR Ohio	$ 9,027,909	$ 9,027,909	$ -	$ -	55.20%
	Fair Value:					
Aaa	FFCB	464,985	-	464,985	-	2.84%
Aaa	FHLB	1,638,300	-	241,385	1,396,915	10.02%
N/A	Negotiable Certificates of Deposit	5,166,951	1,388,161	3,323,847	454,943	31.59%
N/A	Money Market	56,792	56,792	-	-	0.35%
	Totals	$ 16,354,937	$ 10,472,862	$ 4,030,217	$ 1,851,858	100.00%

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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. The above table identifies the District's recurring fair value measurements as of June 30, 2022. The District's investments in U.S. Government money market funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in negotiable CD's, FFCB, and FHLB are valued using quoted 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

As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2022, is 79 days.

Credit Risk

STAR Ohio is rated AAAm by Standard & Poor's. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The negotiable CD's were not rated but are fully covered by the FDIC. FFCB and FHLB were rated Aaa by Standard & Poor's. Federal money markets are exempt from ratings since they are explicitly guaranteed by a U.S. Government Agency. The District's policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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	$ 9,316,253
Investments	16,354,937
Total	$ 25,671,190
Cash and investments per statement of net position	
Governmental activities	$ 25,671,190

NOTE 6 – RECEIVABLES

Receivables at June 30, 2022 consisted of property taxes, income taxes, accounts (billings for user charged services, rentals and student fees), notes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities	
Property taxes	$ 21,013,775
Income taxes	4,444,147
Accounts	1,560
Intergovernmental	2,306,922
Notes	9,513
Accrued interest	17,919
Total governmental activities	$ 27,793,836

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

NOTE 7 – INCOME TAXES

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was renewed on January 1, 2019 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund.

NOTE 8 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Sandusky 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 $3,021,313 in the General fund, $1,128,823 in the Bond Retirement fund, and $175,326 in the Permanent Improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2021 was $2,524,485 in the General fund, $864,720 in the Bond Retirement fund, and $145,186 in the Permanent Improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022, 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 of resources.

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

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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	$ 579,767,210	78.65	$ 623,167,000	80.28
Public utility personal	157,382,770	21.35	153,113,410	19.72
Total	$ 737,149,980	100.00	$ 776,280,410	100.00
Tax rate per $1,000 of assessed valuation	$ 40.05		$ 40.15	

On May 2, 2017, a new levy was passed for 4.63 mills for the purpose of the District constructing and renovating school facilities. The levy will be collected throughout the 37 year life of the bonds that the District issued for the improvements.

NOTE 9 – TAX ABATEMENTS

The District's property taxes were reduced by $269,142 under the c ommunity reinvestment area and enterprise zone agreements entered into by overlapping governments.

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NOTE 10 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 673,343	$ -	$ -	$ 673,343
Construction-in-progress	97,412,934	13,220,499	-	110,633,433
Total capital assets, not being depreciated	98,086,277	13,220,499	-	111,306,776
Capital assets, being depreciated:				
Land improvements	1,024,471	-	-	1,024,471
Buildings	37,849,533	-	-	37,849,533
Equipment	2,604,827	103,783	(8,006)	2,700,604
Vehicles	3,054,120	651,283	(341,755)	3,363,648
Total capital assets, being depreciated	44,532,951	755,066	(349,761)	44,938,256
Less: accumulated depreciation:				
Land improvements	(725,021)	(38,290)	-	(763,311)
Buildings	(11,397,010)	(432,281)	-	(11,829,291)
Equipment	(2,227,501)	(331,436)	7,606	(2,551,331)
Vehicles	(2,845,101)	(150,075)	341,755	(2,653,421)
Total accumulated depreciation	(17,194,633)	(952,082)	349,361	(17,797,354)
Total capital assets being depreciated, net	27,338,318	(197,016)	(400)	27,140,902
Governmental activities capital assets, net	$ 125,424,595	$ 13,023,483	$ (400)	$ 138,447,678

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 301,390
Special	27,047
Vocational	2,919
Support services:	
Pupil	4,104
Instructional staff	13,452
Administration	4,380
Business	32,036
Operations and maintenance	339,531
Pupil transportation	134,012
Operation of non-instructional services:	
Food service operations	28,105
Community services	1,022
Extracurricular activities	64,084
Total depreciation expense	$ 952,082

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

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

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

The District offers medical, prescription drug, vision and dental insurance to all employees through a partially self-insured program of the District makes payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The District carries a stop loss insurance policy for claims in excess of $160,000 per individual annually and unlimited per individual, per lifetime.

Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2022 were estimated by the third party administrator at $271,210.

The changes in the claims liability for the past two fiscal years are as follow:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2022	$ 255,081	$ 4,692,156	$ (4,676,027)	$ 271,210
2021	328,408	4,576,235	(4,649,562)	255,081

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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 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.

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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 $802,866 for fiscal year 2022. Of this amount, $52,482 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 East Broad Street, Columbus, Ohio 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 2.2% 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.

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 $2,844,217 for fiscal year 2022. Of this amount, $495,500 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 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	0.161907300%	0.171881930%	
Proportion of the net pension liability current measurement date	0.156483700%	0.165078971%	
Change in proportionate share	-0.005423600%	-0.006802959%	
Proportionate share of the net pension liability	$ 5,773,795	$ 21,106,830	$ 26,880,625
Pension expense	$ (491,565)	$ (467,594)	$ (959,159)

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	$ 558	$ 652,097	$ 652,655
Changes of assumptions	121,579	5,855,415	5,976,994
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	71,081	71,081
Contributions subsequent to the measurement date	802,866	2,844,217	3,647,083
Total deferred outflows of resources	$ 925,003	$ 9,422,810	$ 10,347,813

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 149,738	$ 132,298	$ 282,036
Net difference between projected and actual earnings on pension plan investments	2,973,676	18,190,050	21,163,726
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	307,791	2,275,325	2,583,116
Total deferred inflows of resources	$ 3,431,205	$ 20,597,673	$ 24,028,878

$3,647,083 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	$ (971,238)	$ (3,790,917)	$ (4,762,155)
2024	(718,061)	(3,028,257)	(3,746,318)
2025	(707,032)	(3,280,176)	(3,987,208)
2026	(912,737)	(3,919,730)	(4,832,467)
Total	$ (3,309,068)	$(14,019,080)	$(17,328,148)

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
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 94.2% 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.

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 arithmetic 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	$ 9,606,176	$ 5,773,795	$ 2,541,780

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.

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	$ 39,525,194	$ 21,106,830	$ 5,543,353

Changes Between Measurement Date and Reporting Date – In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description – School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 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 $99,980.

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 $99,980 for fiscal year 2022. Of this amount, $99,980 is reported as intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The 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. All health care plan enrollees 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.

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.162710700%	0.171881930%	
Proportion of the net OPEB liability/asset current measurement date	0.159412200%	0.165078971%	
Change in proportionate share	-0.003298500%	-0.006802959%	
Proportionate share of the net OPEB liability	$ 3,017,007	$ -	$ 3,017,007
Proportionate share of the net OPEB asset	$ -	$ (3,480,555)	$ (3,480,555)
OPEB expense	$ (108,102)	$ (254,111)	$ (362,213)

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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	$ 32,159	$ 123,933	$ 156,092
Changes of assumptions	473,297	222,323	695,620
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	19,979	121,693	141,672
Contributions subsequent to the measurement date	99,980	-	99,980
Total deferred outflows of resources	$ 625,415	$ 467,949	$ 1,093,364

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,502,605	$ 637,701	$ 2,140,306
Net difference between projected and actual earnings on OPEB plan investments	65,549	964,750	1,030,299
Changes of assumptions	413,156	2,076,409	2,489,565
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	409,452	234,767	644,219
Total deferred inflows of resources	$ 2,390,762	$ 3,913,627	$ 6,304,389

$99,980 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.

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	$ (415,781)	$ (961,697)	$ (1,377,478)
2024	(416,237)	(937,555)	(1,353,792)
2025	(417,379)	(983,479)	(1,400,858)
2026	(364,922)	(426,648)	(791,570)
2027	(191,976)	(138,893)	(330,869)
Thereafter	(59,032)	2,594	(56,438)
Total	$ (1,865,327)	$ (3,445,678)	$ (5,311,005)

Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 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. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

In 2020, 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 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 1 percentage point 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 1 percentage point higher (7.75% decreasing to 5.4%) than the current rate (6.75% decreasing to 4.4%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 3,738,436	$ 3,017,007	$ 2,440,677

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,322,848	$ 3,017,007	$ 3,944,189

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	
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%	
Discount rate of return	7.00%		7.45%	
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.

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 2.1%. 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	$ 2,937,050	$ 3,480,555	$ 3,934,571

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 3,916,175	$ 3,480,555	$ 2,941,871

NOTE 14 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of unlimited days for administrators, supervisors, and classified supervisors; two hundred forty-four days for teachers and school calendar employees; and two hundred sixty days for full-time classified employees. Upon retirement, payment is made for one half of accrued, but unused sick leave credit to a maximum of fifty-three days for teachers and thirty-five to seventy days for classified employees, depending on various incentives and years of service. Payment for administrators, supervisors, and classified supervisors is made for one half up to fifty-three days or more with certain incentives.

Health Care Benefits

The District provides medical, prescription drug, vision and dental insurance benefits to all employees through a partially self-insured program.

Special Termination Benefits

The District offers a special termination benefit to employees in the first year they are eligible to retire from their respective retirement system. The benefit is available to certified employees who have five or more years of consecutive service and retire from STRS and to classified employees who have seventeen or more years of consecutive service with Fremont City Schools. The bonus of twenty days calculated at the employee’s daily rate at the time of retirement with a minimum guarantee of $6,000, will be paid after January 1 and before March 31 of the year following retirement for certified employees and within sixty days of retirement acceptance for classified employees. The bonus carries a provision that classified employees must also have accrued in excess of one hundred fifty days of unused sick leave at the time of retirement.

NOTE 15 – INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2022, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 533,268

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30 and to cover negative cash balances in certain funds. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the government-wide financial statements.

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during fiscal year 2022 were as follows:

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due in One Year
Governmental activities:					
General Obligation Bonds:					
Series 2015 Refunding Bonds					
Serial and Term Bonds	$ 7,055,000	$ -	$ (340,000)	$ 6,715,000	$ 350,000
Unamortized Premium	517,760	-	(63,896)	453,864	-
Series 2016 Refunding Bonds					
Serial and Term Bonds	6,505,000	-	(300,000)	6,205,000	310,000
Unamortized Premium	550,865	-	(69,432)	481,433	-
Series 2017 General Obligation Bonds					
Serial and Term Bonds	56,600,000	-	(715,000)	55,885,000	740,000
Unamortized Premium	4,307,324	-	(153,833)	4,153,491	-
Total General Obligation Bonds	75,535,949	-	(1,642,161)	73,893,788	1,400,000
Net Pension Liability	52,298,201	-	(25,417,576)	26,880,625	-
Net OPEB Liability	3,536,236	-	(519,229)	3,017,007	-
Compensated Absences	4,831,014	295,362	(245,777)	4,880,599	210,847
Total Governmental Activities Long-Term Liabilities	$ 136,201,400	$ 295,362	$ (27,824,743)	$ 108,672,019	$ 1,610,847

On December 1, 2015, the District issued $7,499,935 in Series 2015 general obligation bonds with interest rates ranging from 1% to 4% for serial and term bonds and 23.81% for capital appreciation bonds to advance refund $7,500,000 of outstanding 2009B School Facilities bonds with an average interest rate of 4.82%. The bond proceeds consisted of bond principal and $909,837 of premium. The net proceeds of $8,451,014 (after payment of $135,270 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009B School Facilities refunded. As a result of this issue, a portion of the 2009B School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

On March 15, 2016, the District issued $7,165,000 in Series 2016 general obligation bonds with interest rates ranging from 2% to 4% for serial and term bonds to advance refund $7,235,000 of outstanding 2009A School Facilities bonds with an average interest rate of 4.57%. The bond proceeds consisted of bond principal and $980,223 of premium. The net proceeds of $8,020,619 (after payment of $124,604 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009A School Facilities refunded. As a result of this issue, a portion of the 2009A School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

In July 2017, the District issued $58,635,000 in Series 2017 serial and term general obligation bonds. The bonds were issued for the purpose of constructing and renovating school facilities. The interest rate of the bonds varies between 2 and 5 percent. The bonds mature in fiscal year 2055. These bonds were issued with a premium of $4,922,656, which is reported as an increase to bonds payable.

General obligation bonds will be repaid from the Bond Retirement fund. Compensated absences will be paid primarily from the General fund but also the Food Service fund and grant funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General fund. For additional information related to the net pension liability and net OPEB asset/liability see Notes 12 and 13.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2022, were as follows:

Fiscal	General Obligation Bonds		
Year Ended	Principal	Interest	Total
2023	$ 1,400,000	$ 3,005,200	$ 4,405,200
2024	1,455,000	2,955,800	4,410,800
2025	1,505,000	2,904,450	4,409,450
2026	1,565,000	2,847,950	4,412,950
2027	1,630,000	2,789,150	4,419,150
2028 - 2032	9,230,000	12,886,425	22,116,425
2033 - 2037	11,475,000	10,706,900	22,181,900
2038 - 2042	8,045,000	8,398,000	16,443,000
2043 - 2047	10,275,000	6,223,750	16,498,750
2048 - 2052	13,030,000	3,496,650	16,526,650
2053 - 2055	9,195,000	745,600	9,940,600
Total	$ 68,805,000	$ 56,959,875	$ 125,764,875

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of $6,759,947 including available funds of $5,699,710 and an unvoted debt margin of $776,280.

NOTE 17 – SET ASIDES

The District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The District may replace using General fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Improvement Reserve
Set-aside balance June 30, 2021	$ -
Current year set-aside requirement	615,682
Current year offsets	(615,682)
Total	$ -
Balance carried forward to fiscal year 2023	$ -
Set-aside balance June 30, 2022	$ -

Although the District had current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

NOTE 18 – JOINTLY GOVERNED ORGANIZATION

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among local school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2022, the District paid $154,938 to NOECA for various services. Financial information can be obtained from Matthew Bauer, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Center

The Vanguard-Sentinel Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of two representatives from the District and one representative from the other thirteen participating school districts' elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Vanguard-Sentinel Career Center, Alex Binger, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 201 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2022, the District paid the Council $60,559 for natural gas purchases and $804 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 19 - CONTINGENCIES

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 is 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, if applicable, cannot be determined at this time nor does management believe any such disallowed claims will have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is not party to any claims or lawsuits that would, in the District's opinion, have a material effect of the basic financial statements.

School Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2022 Foundation funding for the District resulting in the $7,207 intergovernmental receivable being recorded on the financial statements at June 30, 2022.

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NOTE 20 - SIGNIFICANT COMMITMENTS

Encumbrance 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 (net of amounts already included in payables) in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 517,413
Bond retirement	-
Classroom facilities	263,772
Other governmental	7,953,591
Total	$ 8,734,776

Contractual Commitments

The District had the following significant contractual commitments related to the new high school and elementary schools as of June 30, 2022:

Vendor	Contract	Expended	Remaining
Adena	$ 201,425	$ 193,468	$ 7,957
Gilbane Building Company	94,018,080	87,852,562	6,165,518
Heapy Engineering Inc	306,510	300,349	6,161
AEP Ohio	34,294	26,170	8,124
2-Way Mobile	343,296	223,677	119,619
Allied Environmental	30,225	14,975	15,250
OneBeacon	6,900	4,600	2,300
Lowes	41,224	40,787	437
Nasco	2,552	-	2,552
Amazon	1,881	1,663	218
Then Design	3,724,246	3,428,709	295,537
Totals	$ 98,710,633	$92,086,960	$ 6,623,673

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	2018
District's proportion of the net pension liability	0.15648370%	0.16190730%	0.17100240%	0.17341040%	0.17231160%
District's proportionate share of the net pension liability	$ 5,773,795	$ 10,708,890	$ 10,231,373	$ 9,931,535	$ 10,295,237
District's covered payroll	$ 5,647,614	$ 5,890,704	$ 5,862,415	$ 5,680,756	$ 5,658,129
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.23%	181.79%	174.52%	174.83%	181.95%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%	69.50%

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

2017		2016		2015		2014	
0.17455500%		0.17289100%		0.17456000%		0.17456000%	
$	12,775,815	$	9,865,328	$	8,834,382	$	10,380,523
$	5,406,507	$	5,201,108	$	5,092,504	$	4,880,535
236.30%		189.68%		173.48%		212.69%	
62.98%		69.16%		71.70%		65.52%	

FREMONT CITY SCHOOL DISTRICT
SADUSKY COUNTY

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**	**2018**
District's proportion of the net pension liability	0.16507897%	0.17188193%	0.17746750%	0.17594956%	0.18406996%
District's proportionate share of the net pension liability	$ 21,106,830	$ 41,589,311	$ 39,245,871	$ 38,687,358	$ 43,726,214
District's covered payroll	$ 20,651,850	$ 20,961,121	$ 20,196,236	$ 20,546,821	$ 20,462,450
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.20%	198.41%	194.32%	188.29%	213.69%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%	75.30%

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

2017		2016		2015		2014	
	0.17610576%		0.17900273%		0.17492557%		0.17492557%
$	58,947,906	$	49,471,119	$	42,547,952	$	50,682,843
$	18,586,571	$	18,749,086	$	18,038,231	$	17,945,700
	317.15%		263.86%		235.88%		282.42%
	66.80%		72.10%		74.70%		69.30%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	2018
Contractually required contribution	$ 802,866	$ 790,666	$ 795,245	$ 791,426	$ 766,902
Contributions in relation to the contractually required contribution	(802,866)	(790,666)	(795,245)	(791,426)	(766,902)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,734,757	$ 5,647,614	$ 5,890,704	$ 5,862,415	$ 5,680,756
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	792,138	$	756,911	$	685,506	$	705,821	$	675,466
	(792,138)		(756,911)		(685,506)		(705,821)		(675,466)
$	-	$	-	$	-	$	-	$	-
$	5,658,129	$	5,406,507	$	5,201,108	$	5,092,504	$	4,880,535
	14.00%		14.00%		13.18%		13.86%		13.84%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	2018
Contractually required contribution	$ 2,844,217	$ 2,891,259	$ 2,934,557	$ 2,827,473	$ 2,876,555
Contributions in relation to the contractually required contribution	(2,844,217)	(2,891,259)	(2,934,557)	(2,827,473)	(2,876,555)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 20,315,836	$ 20,651,850	$ 20,961,121	$ 20,196,236	$ 20,546,821
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ 2,864,743	$ 2,602,120	$ 2,624,872	$ 2,344,970	$ 2,332,941
(2,864,743)	(2,602,120)	(2,624,872)	(2,344,970)	(2,332,941)
$ -	$ -	$ -	$ -	$ -
$ 20,462,450	$ 18,586,571	$ 18,749,086	$ 18,038,231	$ 17,945,700
14.00%	14.00%	14.00%	13.00%	13.00%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	0.15941220%	0.16271070%	0.17503080%	0.17587080%
District's proportionate share of the net OPEB liability	$ 3,017,007	$ 3,536,236	$ 4,401,657	$ 4,879,131
District's covered payroll	$ 5,647,614	$ 5,890,704	$ 5,862,415	$ 5,680,756
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	53.42%	60.03%	75.08%	85.89%
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
0.17445470%	0.17672088%
$ 4,681,906	$ 5,037,199
$ 5,658,129	$ 5,406,507
82.75%	93.17%
12.46%	11.49%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	0.16507897%	0.17188193%	0.17746800%	0.17594956%
District's proportionate share of the net OPEB liability/(asset)	$ (3,480,555)	$ (3,020,824)	$ (2,939,296)	$ (2,827,330)
District's covered payroll	$ 20,651,850	$ 20,961,121	$ 20,196,236	$ 20,546,821
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.85%	14.41%	14.55%	13.76%
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
	0.18406996%	0.17610576%
	$ 7,181,731	$ 9,418,182
	$ 20,462,450	$ 18,586,571
	35.10%	50.67%
	47.10%	37.30%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	2018
Contractually required contribution	$ 99,980	$ 93,438	$ 79,460	$ 135,147	$ 123,177
Contributions in relation to the contractually required contribution	(99,980)	(93,438)	(79,460)	(135,147)	(123,177)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,734,757	$ 5,647,614	$ 5,890,704	$ 5,862,415	$ 5,680,756
Contributions as a percentage of covered payroll	1.74%	1.65%	1.35%	2.31%	2.17%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016		2015		2014		2013	
$	93,224	$	88,686	$	134,275	$	95,198	$	91,945
	(93,224)		(88,686)		(134,275)		(95,198)		(91,945)
$	-	$	-	$	-	$	-	$	-
$	5,658,129	$	5,406,507	$	5,201,108	$	5,092,504	$	4,880,535
	1.65%		1.64%		2.58%		1.87%		1.88%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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	2018
Contractually required contribution	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 20,315,836	$ 20,651,850	$ 20,961,121	$ 20,196,236	$ 20,546,821
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ -	$ -	$ -	$ 180,382	$ 179,457
-	-	-	(180,382)	(179,457)
$ -	$ -	$ -	$ -	$ -
$ 20,462,450	$ 18,586,571	$ 18,749,086	$ 18,038,231	$ 17,945,700
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.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

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.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	$ 204,439
Cash Assistance	10.555	805,197
COVID-19 Supply Chain	10.555	62,545
COVID-19 Emergency Operating Costs	10.555	39,832
Total National School Lunch Program		1,112,013
School Breakfast Program	10.553	398,593
Summer Food Service Program for Children	10.559	242,187
Total Child Nutrition Cluster		1,752,793
Child and Adult Care Food Program	10.558	5,303
COVID-19 Pandemic EBT Administrative Costs	10.649	3,063
Total U.S. Department of Agriculture		1,761,159
U.S. DEPARTMENT OF TREASURY		
Passed Through Ohio Department of Education		
COVID-19 Coronavirus Relief Fund	21.019	94,697
Total U.S. Department of Treasury		94,697
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	888,317
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	1,413,347
Twenty-First Century Community Learning Centers	84.287	138,323
English Language Acquisition State Grants	84.365	10,412
Supporting Effective Instruction State Grants	84.367	141,354
Student Support and Academic Enrichment Program	84.424	32,482
Education Stabilization Fund		
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	1,542,690
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	1,876,541
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	39,232
Total Education Stabilization Fund		3,458,463
Total U.S. Department of Education		6,082,698
Total Expenditures of Federal Awards		**$ 7,938,554**

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 Fremont City School District, Sandusky County, Ohio (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 commingles 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.

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amt. Transferred
National School Lunch Program	10.555	$ 748,991
Title I Grants to Local Educational Agencies	84.010	53,395
Supporting Effective Instruction State Grants	84.367	62,929
English Language Acquisition State Grants	84.365	1,930
Student Support and Academic Enrichment Program	84.424	86,099
Special Education Grants to States	84.027	63,598
American Rescue Plan Special Education Grants to States	84.027X	191,238
American Rescue Plan Special Education Preschool Grants	84.173X	14,713
Supporting Effective Instruction State Grants	84.367	29,915
Education Stabilization Fund:		
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	1,144,613
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	4,669,669

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OHIO AUDITOR OF STATE
KEITH FABER

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(800) 282-0370

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

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

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 Fremont City School District, Sandusky 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 and have issued our report thereon dated October 18, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-002.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.

Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fremont City School District, Sandusky County, Ohio's (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 each of Fremont City School District's major federal programs for the year ended June 30, 2022. Fremont City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Fremont City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each 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 each 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 each 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.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

October 18, 2023

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FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
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)?**	Yes
(d)(1)(ii)	**Were there any 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)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any 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):**	Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies – AL #84.010 Education Stabilization Fund – AL #84.425
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 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

FINDING NUMBER 2022-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Errors noted in the financial statements resulted in the following audit adjustments:

- General fund Unassigned Fund Balance was overstated in the amount $1,553,416 while the General fund Assigned Fund Balance: Subsequent Year's Appropriations and Public School Support were understated in the amounts of $1,062,361 and $491,055, respectively, on the Balance Sheet.

- Original and Final Budgeted Revenues and Other Financing Sources were understated in the amount of $3,802,941 on the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) General Fund.

These errors were the result of inadequate policies and procedures in reviewing the financial statements and notes to the financial statements. The accompanying financial statements have been adjusted to correct these errors. The failure to prepare complete and accurate financial statements and notes to the financial statements could lead to the financial statements user making misinformed decisions about the District's financial position. In addition to the adjustments noted above, we also identified additional immaterial misstatements ranging from $255,950 to $269,933 that we brought to the District's attention.

The District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Treasurer and Board, to identify and correct errors and omissions.

Officials' Response:

See Corrective Action Plan.

FINDING NUMBER 2022-002

Noncompliance

Ohio Rev. Code § 5705.36(A)(1) provides, in part, on or about the first day of each fiscal year, the fiscal officer of each subdivision and other taxing unit shall certify to the county auditor the total amount from all sources available for expenditures from each fund set up in the tax budget or, if adoption of a tax budget was waived under section 5705.281 of the Revised Code, from each fund created by or on behalf of the taxing authority.

The budget commission, taking into consideration the balances and revenues to be derived from taxation and other sources, shall revise its estimate of the amounts that will be credited to each fund from such sources, and shall certify to the taxing authority of each subdivision an amended official certificate of estimated resources.

Ohio Rev. Code § 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there-from, as certified by the county budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For purposes of this section of the Ohio Revised Code, estimated revenue is commonly referred to as “estimated resources” because it includes unencumbered fund balances.

The Treasurer did not certify to the County Auditor the total amount from all sources available for expenditures from each fund for fiscal year 2022. Although, the Treasurer did obtain a certificate of estimated resources from the Budget Commission in January 2021 prior to the start of fiscal year 2022, it did not include all funds, nor did it have accurate unencumbered fund balances at July 1, 2021. This was not detected by the District due to deficiencies in the budgetary compliance and monitoring control policies and procedures. Failure to obtain the required amended certificate of estimated resources can lead to improper budgeting and limits the effectiveness of management monitoring.

Additionally, by failing to properly certify estimated resources, at June 30, 2022 the District’s appropriations exceeded the amount certified as available by the budget commission in the General and Classroom Facilities Capital Project funds by $1,304,339 and $40,716,039, respectively. Failure to limit appropriations to the amount certified by the budget commission due to deficiencies in the District’s compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The Treasurer should, on or about the first day of each fiscal year, certify to the county auditor the total amount from all sources available for expenditures from each fund and obtain the approved amended certificate of estimated resources. Additionally, the District should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the District should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Education to reduce the appropriations.

Officials’ Response:

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None

FREMONT City Schools • STUDENTS • STAFF • COMMUNITY

Jon C. Detwiler
Superintendent

Megan Parkhurst
Treasurer

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	The Treasurer and the Board will ensure the review of the financial statements to catch any errors and/or omissions.
Anticipated Completion Date:	06/30/2024
Responsible Contact Person:	Megan Parkhurst, Treasurer

Finding Number:	2022-002
Planned Corrective Action:	The Treasurer and the Board will ensure that policies and procedures are followed to comply with Ohio laws and regulations.
Anticipated Completion Date:	06/30/2024
Responsible Contact Person:	Megan Parkhurst, Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

FREMONT CITY SCHOOL DISTRICT

SANDUSKY 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 11/9/2023

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