OHIO AUDITOR OF STATE
KEITH FABER

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
JUNE 30, 2022

TABLE OF CONTENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
JUNE 30, 2022

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Ontario Local School District
Richland County
457 Shelby-Ontario Road
Ontario, Ohio 44906

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Ontario Local School District, Richland 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, the business-type activities, the major fund, and the aggregate remaining fund information of the Ontario Local School District, Richland 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.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2022, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases.* Also, as discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to these matters.

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 are 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 March 8, 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

March 8, 2023

THIS PAGE INTENTIONALLY LEFT BLANK

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
UNAUDITED

The management's discussion and analysis of Ontario Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased $4,281,237. Net position of governmental activities increased $4,264,408 from a restated balance (see Note 3) of $348,894 to a balance of $4,613,302. Net position of business-type activities increased $16,829 from a 2021 deficit balance of $47,512 to a deficit balance of $30,683.

- General revenues accounted for $19,900,280 in revenue or 81.3% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for $4,570,513 or 18.7% of total governmental activities revenues of $24,470,793.

- The District had $20,206,385 in expenses related to governmental activities; only $4,570,513 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of $19,900,280 were used to provide for these programs.

- The District's major governmental fund is the general fund. The general fund had $20,223,193 in revenues and $17,845,340 in expenditures. The fund balance of the general fund increased from a balance of $4,862,916 to $7,231,450.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues* and *expenses* except for fiduciary funds 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 District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities and food service operations.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's latchkey program is reported as business-type activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major fund. 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.

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 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 financial statements.

Proprietary Fund

There are two types of proprietary funds: enterprise funds and internal service funds. The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance.

Reporting the District's Fiduciary Responsibilities

The District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. This activity is reported in a custodial fund. The District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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 Supplemental Information

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

THIS SPACE INTENTIONALLY LEFT BLANK

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

The table below provides a summary of the District's net position at for 2022 and 2021.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Assets						
Current assets	$ 23,604,620	$ 24,101,507	$ 24,310	$ 20,642	$ 23,628,930	$ 24,122,149
Net OPEB asset	1,479,464	1,243,326	-	-	1,479,464	1,243,326
Capital assets, net	17,263,175	18,069,202	1,552	2,447	17,264,727	18,071,649
Total assets	42,347,259	43,026,073	25,862	23,089	42,373,121	43,437,124
Deferred outflows of resources						
Unamortized deferred charges on debt refunding	25,330	43,211	-	-	25,330	43,211
Pension	4,735,917	4,055,291	3,420	3,337	4,739,337	4,058,628
OPEB	598,061	642,314	2,351	2,031	600,412	644,345
Total deferred outflows of resources	5,359,308	4,740,816	5,771	5,368	5,365,079	4,746,184
Liabilities						
Current liabilities	2,577,001	2,539,810	609	543	2,577,610	2,540,353
Long-term liabilities:						
Due within one year	2,399,897	1,901,907	-	-	2,399,897	1,901,907
Due in more than one year:						
Net pension liability	11,764,164	21,916,254	13,571	22,265	11,777,735	21,938,519
Net OPEB liability	1,458,617	1,620,850	7,089	7,520	1,465,706	1,628,370
Other amounts	4,356,058	6,129,335	-	-	4,356,058	6,129,335
Total liabilities	22,555,737	34,108,156	21,269	30,328	22,577,006	34,138,484
Deferred inflows of resources						
Property taxes levied for the next fiscal year	8,212,392	10,751,610	-	-	8,212,392	10,751,610
PILOTS levied for the next fiscal year	290,000	290,000	-	-	290,000	290,000
Pension	9,433,634	246,864	7,884	1,445	9,441,518	248,309
OPEB	2,601,502	2,409,327	33,163	44,196	2,634,665	2,453,523
Total deferred inflows of resources	20,537,528	13,697,801	41,047	45,641	20,578,575	13,743,442
Net Position						
Net investment in capital assets	12,823,694	11,882,822	1,552	2,447	12,825,246	11,885,269
Restricted	3,323,208	3,404,219	-	-	3,323,208	3,404,219
Unrestricted (deficit)	(11,533,600)	(14,938,147)	(32,235)	(49,959)	(11,565,835)	(14,988,106)
Total net position (deficit) Restated	$ 4,613,302	$ 348,894	$ (30,683)	$ (47,512)	$ 4,582,619	$ 301,382

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $4,613,302. At year end, unrestricted net position was a deficit of $11,533,600.

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

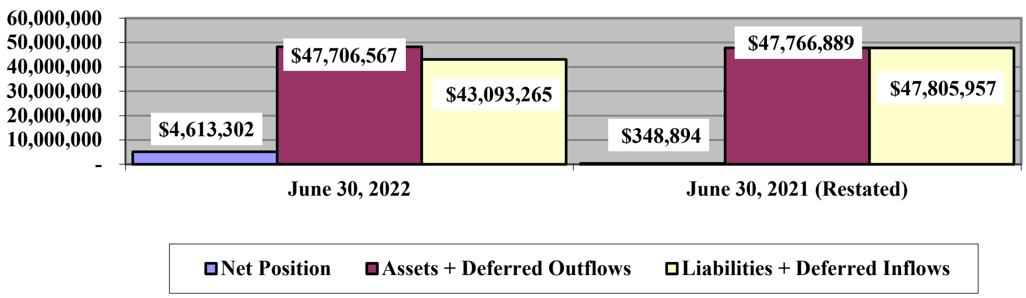
At year-end, capital assets represented 40.77% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use equipment. Net investment in capital assets at June 30, 2022 was $12,823,694 for governmental activities and $1,552 for business type activities. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Long-term liabilities decreased primarily due to a decrease in the net pension liability and net OPEB liability. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District. Changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) impacted both net pension liability and deferred inflows. Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which caused a large increase in their respective fiduciary net positions.

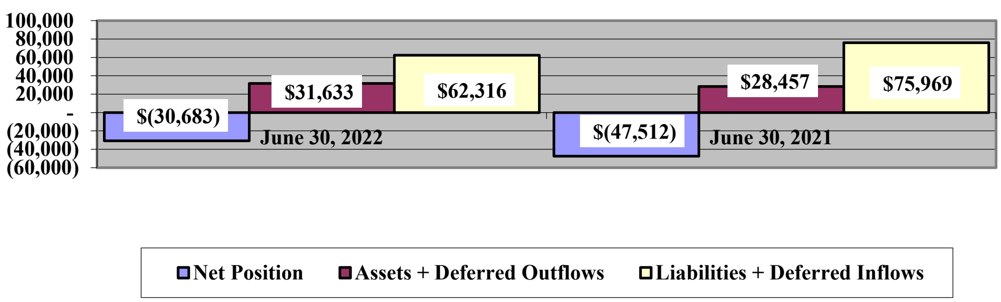
A portion of the District's net position, $3,323,208 represents resources that are subject to external restriction on how they may be used.

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

Governmental Activities



Business-Type Activities



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

	Governmental Activities		Business-Type Activities		Totals	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Revenues						
Program revenues:						
Charges for services and sales	$ 1,108,659	$ 3,541,376	$ 22,050	$ 17,910	$ 1,130,709	$ 3,559,286
Operating grants and contributions	3,451,503	3,261,082	-	-	3,451,503	3,261,082
Capital grants and contributions	10,351	-	-	-	10,351	-
General revenues:						
Property taxes	13,177,809	12,515,566	-	-	13,177,809	12,515,566
Payments in lieu of taxes	272,684	306,284	-	-	272,684	306,284
Grants and entitlements not restricted	6,718,356	4,865,006	-	-	6,718,356	4,865,006
Investment earnings	(305,143)	19,631	-	-	(305,143)	19,631
Miscellaneous	36,574	20,776	-	-	36,574	20,776
Total revenues	24,470,793	24,529,721	22,050	17,910	24,492,843	24,547,631
Expenses						
Program expenses:						
Instruction:						
Regular	8,330,923	9,489,998	-	-	8,330,923	9,489,998
Special	2,133,710	2,285,654	-	-	2,133,710	2,285,654
Vocational	414,944	217,182	-	-	414,944	217,182
Other	70,880	1,638,566	-	-	70,880	1,638,566
Support services:						
Pupil	1,190,515	1,342,001	-	-	1,190,515	1,342,001
Instructional staff	1,024,012	1,053,437	-	-	1,024,012	1,053,437
Board of education	59,272	56,982	-	-	59,272	56,982
Administration	1,470,896	1,645,284	-	-	1,470,896	1,645,284
Fiscal	602,831	648,416	-	-	602,831	648,416
Operations and maintenance	1,786,040	1,855,027	-	-	1,786,040	1,855,027
Pupil transportation	983,947	942,312	-	-	983,947	942,312
Central	91,074	87,810	-	-	91,074	87,810
Operation of non-instructional services:					-	-
Food service operations	962,174	884,249	-	-	962,174	884,249
Other non-instructional services	18,687	12,975	-	-	18,687	12,975
Extracurricular activities	872,599	869,441	-	-	872,599	869,441
Interest and fiscal charges	193,881	179,508	-	-	193,881	179,508
Latchkey	-	-	5,221	(21,062)	5,221	(21,062)
Total expenses	20,206,385	23,208,842	5,221	(21,062)	20,211,606	23,187,780
Changes in net position	4,264,408	1,320,879	16,829	38,972	4,281,237	1,359,851
Net position at beginning of year (Restated)	348,894	(1,359,947)	(47,512)	(86,484)	301,382	(1,446,431)
Net position at end of year	$ 4,613,302	N/A	$ (30,683)	$ (47,512)	$ 4,582,619	N/A

Governmental Activities

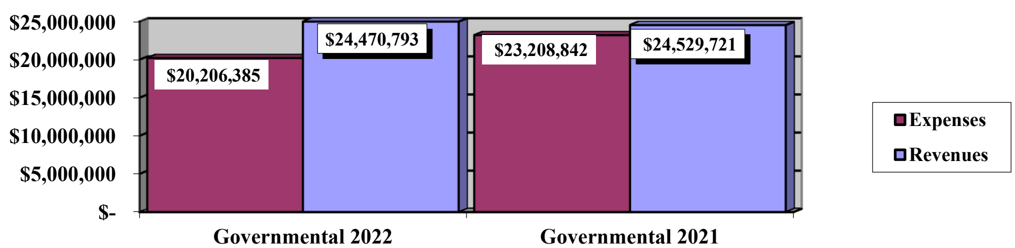
Net position of the District's governmental activities increased $4,264,408 from a restated balance of $348,894 (see Note 3) to $4,613,302. Total governmental expenses of $20,206,385 were offset by program revenues of $4,570,513, and general revenues of $19,900,280. Program revenues supported 22.62% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 81.31% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled $10,950,457 or 54.19% of total governmental expenses for fiscal year 2022.

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 and contributions offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

THIS SPACE INTENTIONALLY LEFT BLANK

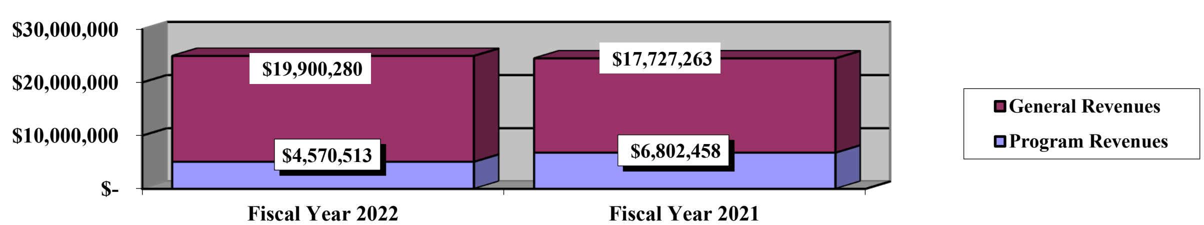
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses:				
Instruction:				
Regular	$ 8,330,923	$ 7,355,074	$ 9,489,998	$ 5,438,688
Special	2,133,710	789,833	2,285,654	1,153,562
Vocational	414,944	390,695	217,182	188,619
Other	70,880	70,880	1,638,566	1,624,328
Support services:				
Pupil	1,190,515	931,913	1,342,001	1,030,810
Instructional staff	1,024,012	996,000	1,053,437	1,035,967
Board of education	59,272	59,272	56,982	56,982
Administration	1,470,896	1,470,896	1,645,284	1,645,284
Fiscal	602,831	602,831	648,416	648,416
Operations and maintenance	1,786,040	1,603,734	1,855,027	1,826,644
Pupil transportation	983,947	916,167	942,312	865,053
Central	91,074	91,074	87,810	87,810
Operation of non-instructional services:				
Food service operations	962,174	(389,259)	884,249	17,064
Other non-instructional services	18,687	9,517	12,975	3,863
Extracurricular activities	872,599	543,364	869,441	603,786
Interest and fiscal charges	193,881	193,881	179,508	179,508
Total expenses	$ 20,206,385	$ 15,635,872	$ 23,208,842	$ 16,406,384

The dependence upon tax revenues during fiscal year 2022 for governmental activities is apparent, as 73.90% of 2022 instruction activities are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State are 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



Business-Type Activities

Business-type activities include latchkey operations. These programs had revenues of $22,050 and expenses of $5,221 for fiscal year 2022. The District's business-type activities do not receive support from tax revenues.

The District's Funds

The District's governmental funds reported a combined fund balance of $10,586,799, which is $2,310,403 more than last year's total fund balance of $8,276,396. 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	Increase (Decrease)
General	$ 7,231,450	$ 4,862,916	$ 2,368,534
Other governmental	3,355,349	3,413,480	(58,131)
Total	$ 10,586,799	$ 8,276,396	$ 2,310,403

General Fund

The District's general fund balance increased $2,368,534 during fiscal year 2022. The table that follows assists in illustrating the revenues of the general fund.

	2022 Amount	2021 Amount	Percentage Change
Revenues			
Taxes	$ 12,418,915	$ 11,101,569	11.87 %
Intergovernmental	7,101,820	4,988,420	42.37 %
Other revenues	702,458	3,414,424	(79.43) %
Total	$ 20,223,193	$ 19,504,413	3.69 %

The increase in tax revenue is primarily due to the timing of taxes available for advance. The table that follows assists in illustrating the expenditures of the general fund. Changes in the way foundation funding revenue is reported resulted in an increase in intergovernmental revenue and a decrease in other revenues.

	2022 Amount	2021 Amount	Percentage Change
Expenditures			
Instruction	$ 9,755,967	$ 10,956,433	(10.96) %
Support services	7,142,933	6,445,354	10.82 %
Operation of non-instructional services	4,358	-	100.00 %
Extracurricular activities	462,484	435,402	6.22 %
Facilities acquisition and construction	95,739	18,540	416.39 %
Captial outlay	-	465,555	(100.00) %
Debt service	383,859	411,193	(6.65) %
Total	$ 17,845,340	$ 18,732,477	(4.74) %

Capital outlay decreased $465,555 because the District entered into a lease for the purchase of Chromebooks in 2021. The District received Federal ESSER grant funding that allowed certain instructional expenses to be paid from nonmajor governmental funds rather than the general fund, resulting an a decrease in general fund expenditures and an increase in general fund balance.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources of $18,624,337 were $606,673 below actual revenues and other financing sources of $19,231,010. The original budgeted revenues and other financing sources of $18,664,732 were $40,395 more than final budgeted revenues and other financing sources of $18,624,337.

General fund final appropriations were $17,445,849. The actual budget basis expenditures for fiscal year 2022 totaled $17,225,821, which was $220,028 less than the final budget appropriations. The final appropriations were $220,957 more than the original appropriations of $17,224,892.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $17,264,727 invested in land, land/improvements, buildings/improvements, furniture/equipment, vehicles and an intangible right to use equipment. $17,263,175 was reported in the governmental activities and $1,552 was reported in the business-type activities. The following table shows fiscal year 2022 balances compared to 2021:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
Land	$ 75,839	$ 40,839	$ -	$ -	$ 75,839	$ 40,839
Land/improvements	1,660,569	1,834,784	1,552	2,447	1,662,121	1,837,231
Building/improvements	13,981,341	14,512,718	-	-	13,981,341	14,512,718
Furniture/equipment	911,537	856,046	-	-	911,537	856,046
Vehicles	401,112	436,853	-	-	401,112	436,853
Intangible right to use equip.	232,777	387,962	-	-	232,777	387,962
Total	$ 17,263,175	$ 18,069,202	$ 1,552	$ 2,447	$ 17,264,727	$ 18,071,649

See Note 8 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2022, the District had $5,221,913 in general obligation bonds, leases, notes payable and energy conservation notes outstanding. Of this total debt outstanding, $2,219,128 is due within one year and $3,002,785 is due in more than one year. The following table summarizes the bonds, leases, and notes outstanding:

Outstanding Debt, at June 30

	Governmental Activities 2022	Governmental Activities 2021
General obligation bonds	$ 2,090,000	$ 3,495,000
Energy conservation note payable	1,665,000	1,710,000
Lease payable	155,706	306,815
Tax anticipation note	126,697	167,084
Energy conservation notes	767,694	894,041
Note Payable - Bus purchase	416,816	-
Total	$ 5,221,913	$ 6,572,940

See Note 9 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The Fair School Funding Plan that we have been advocating with the State Legislature was included in the State's 2021-2023 biennium budget. It will be phased-in at 16.67% and 33.33% in years 2021 and 2022, respectively. Ontario Schools received approximately $800,000 more state funds in 2021-2022 and estimate another $475,000 in 2022-2023. These increases, along with the Federal ESSER funds, will continue to keep the District in a strong cash reserve balance over the next five years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Randall K. Harvey, Treasurer, Ontario Local School District, 457 Shelby-Ontario Road, Ontario, Ohio 44906-1029.

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 11,340,622	$ 24,282	$ 11,364,904
Cash with escrow agent	416,816	-	416,816
Receivables:			
Property taxes	10,884,377	-	10,884,377
Payment in lieu of taxes	290,000	-	290,000
Accounts	13,546	-	13,546
Accrued interest	19,103	-	19,103
Intergovernmental	500,726	-	500,726
Prepayments	24,497	28	24,525
Materials and supplies inventory	103,477	-	103,477
Inventory held for resale	11,456	-	11,456
Net OPEB asset	1,479,464	-	1,479,464
Capital assets:			
Nondepreciable capital assets	75,839	-	75,839
Depreciable capital assets, net	17,187,336	1,552	17,188,888
Capital assets, net	17,263,175	1,552	17,264,727
Total assets	42,347,259	25,862	42,373,121
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	25,330	-	25,330
Pension	4,735,917	3,420	4,739,337
OPEB	598,061	2,351	600,412
Total deferred outflows of resources	5,359,308	5,771	5,365,079
Liabilities:			
Accounts payable	2,483	-	2,483
Accrued wages and benefits payable	1,961,951	-	1,961,951
Intergovernmental payable	71,975	-	71,975
Pension obligation payable	301,517	609	302,126
Accrued interest payable	5,399	-	5,399
Unearned revenue	8,490	-	8,490
Claims payable	225,186	-	225,186
Long-term liabilities:			
Due within one year	2,399,897	-	2,399,897
Due in more than one year:			
Net pension liability	11,764,164	13,571	11,777,735
Net OPEB liability	1,458,617	7,089	1,465,706
Other amounts due in more than one year	4,356,058	-	4,356,058
Total liabilities	22,555,737	21,269	22,577,006
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	8,212,392	-	8,212,392
Payment in lieu of taxes levied for the next fiscal year	290,000	-	290,000
Pension	9,433,634	7,884	9,441,518
OPEB	2,601,502	33,163	2,634,665
Total deferred inflows of resources	20,537,528	41,047	20,578,575
Net position:			
Net investment in capital assets	12,823,694	1,552	12,825,246
Restricted for:			
Capital projects	478,374	-	478,374
Debt service	1,991,076	-	1,991,076
State funded programs	7,500	-	7,500
Food service operations	578,749	-	578,749
Student activities	168,957	-	168,957
Other purposes	98,552	-	98,552
Unrestricted (deficit)	(11,533,600)	(32,235)	(11,565,835)
Total net position	$ 4,613,302	$ (30,683)	$ 4,582,619

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

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

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	$ 8,330,923	$ 425,301	$ 550,548	$ -
Special	2,133,710	227,100	1,116,777	-
Vocational	414,944	-	24,249	-
Other	70,880	-	-	-
Support services:				
Pupil	1,190,515	50,707	207,895	-
Instructional staff	1,024,012	553	27,459	-
Board of education	59,272	-	-	-
Administration	1,470,896	-	-	-
Fiscal	602,831	-	-	-
Operations and maintenance	1,786,040	776	171,179	10,351
Pupil transportation	983,947	158	67,622	-
Central	91,074	-	-	-
Operation of non-instructional services:				
Food service operations	962,174	89,996	1,261,437	-
Other non-instructional services	18,687	-	9,170	-
Extracurricular activities	872,599	314,068	15,167	-
Interest and fiscal charges	193,881	-	-	-
Total governmental activities	20,206,385	1,108,659	3,451,503	10,351
Business-type activities:				
Special enterprise	5,221	22,050	-	-
Total business-type activities	5,221	22,050	-	-
Totals	$ 20,211,606	$ 1,130,709	$ 3,451,503	$ 10,351

General revenues:
Property taxes levied for:
General purposes
Debt service
Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Investment earnings and fair market value adjustment
Miscellaneous
Total general revenues

Change in net position

Net position at beginning of year (Restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (7,355,074)	$ -	$ (7,355,074)
(789,833)	-	(789,833)
(390,695)	-	(390,695)
(70,880)	-	(70,880)
(931,913)	-	(931,913)
(996,000)	-	(996,000)
(59,272)	-	(59,272)
(1,470,896)	-	(1,470,896)
(602,831)	-	(602,831)
(1,603,734)	-	(1,603,734)
(916,167)	-	(916,167)
(91,074)	-	(91,074)
389,259	-	389,259
(9,517)	-	(9,517)
(543,364)	-	(543,364)
(193,881)	-	(193,881)
(15,635,872)	-	(15,635,872)
-	16,829	16,829
-	16,829	16,829
(15,635,872)	16,829	(15,619,043)
12,399,306	-	12,399,306
497,198	-	497,198
281,305	-	281,305
272,684	-	272,684
6,718,356	-	6,718,356
(305,143)	-	(305,143)
36,574	-	36,574
19,900,280	-	19,900,280
4,264,408	16,829	4,281,237
348,894	(47,512)	301,382
$ 4,613,302	$ (30,683)	$ 4,582,619

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash			
and cash equivalents	$ 6,836,446	$ 2,913,308	$ 9,749,754
Cash with escrow agent	-	416,816	416,816
Receivables:			
Property taxes	10,615,374	269,003	10,884,377
Payment in lieu of taxes	230,000	60,000	290,000
Accounts	12,300	1,246	13,546
Accrued interest	19,103	-	19,103
Intergovernmental	355,038	145,688	500,726
Prepayments	22,958	1,539	24,497
Materials and supplies inventory	97,153	6,324	103,477
Inventory held for resale	-	11,456	11,456
Total assets	$ 18,188,372	$ 3,825,380	$ 22,013,752
Liabilities:			
Accounts payable	$ 2,483	$ -	$ 2,483
Accrued wages and benefits payable	1,791,109	170,842	1,961,951
Compensated absences payable	106,459	-	106,459
Intergovernmental payable	70,574	1,401	71,975
Pension obligation payable	274,029	27,488	301,517
Unearned revenue	8,490	-	8,490
Total liabilities	2,253,144	199,731	2,452,875
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	8,009,425	202,967	8,212,392
Payment in lieu of taxes levied for the next fiscal year	230,000	60,000	290,000
Delinquent property tax revenue not available	289,409	7,333	296,742
Intergovernmental revenue not available	170,000	-	170,000
Accrued interest not available	4,944	-	4,944
Total deferred inflows of resources	8,703,778	270,300	8,974,078
Fund balances:			
Nonspendable:			
Materials and supplies inventory	97,153	6,324	103,477
Prepaids	22,958	1,539	24,497
Restricted:			
Debt service	-	1,995,694	1,995,694
Capital improvements	-	471,822	471,822
Food service operations	-	590,348	590,348
State funded programs	-	7,500	7,500
Federally funded programs	-	14,743	14,743
Extracurricular	-	168,827	168,827
Other purposes	-	98,552	98,552
Assigned:			
Student instruction	53	-	53
Student and staff support	63,282	-	63,282
Unassigned	7,048,004	-	7,048,004
Total fund balances	7,231,450	3,355,349	10,586,799
Total liabilities, deferred inflows and fund balances	$ 18,188,372	$ 3,825,380	$ 22,013,752

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

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

Total governmental fund balances		$ 10,586,799
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.		17,263,175
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds		
Property taxes receivable	$ 296,742	
Accrued interest receivable	4,944	
Intergovernmental receivable	170,000	
Total		471,686
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.		1,365,682
Unamortized premiums on bonds issued are not recognized in the funds.		(76,530)
Unamortized amounts on refundings are not recognized in the funds.		25,330
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds		(5,399)
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	4,735,917	
Deferred inflows - pension	(9,433,634)	
Net pension liability	(11,764,164)	
Deferred outflows - OPEB	598,061	
Deferred inflows - OPEB	(2,601,502)	
Net OPEB asset	1,479,464	
Net OPEB liability	(1,458,617)	
Total		(18,444,475)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(2,090,000)	
Lease obligations	(155,706)	
Compensated absences	(1,351,053)	
Notes payable	(2,976,207)	
Total		(6,572,966)
Net position of governmental activities		$ 4,613,302

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	$ 12,418,915	$ 794,268	$ 13,213,183
Intergovernmental	7,101,820	3,004,876	10,106,696
Investment earnings	56,455	1,360	57,815
Tuition and fees	724,017	-	724,017
Extracurricular	29,091	313,254	342,345
Rental income	776	-	776
Charges for services	-	91,521	91,521
Contributions and donations	3,878	106,337	110,215
Payment in lieu of taxes	212,684	60,000	272,684
Miscellaneous	36,574	7,904	44,478
Fair value adjustment	(361,017)	-	(361,017)
Total revenues	20,223,193	4,379,520	24,602,713
Expenditures:			
Current:			
Instruction:			
Regular	7,522,547	802,601	8,325,148
Special	1,728,882	580,400	2,309,282
Vocational	433,154	-	433,154
Other	71,384	-	71,384
Support services:			
Pupil	1,230,795	4,643	1,235,438
Instructional staff	941,088	31,222	972,310
Board of education	60,765	-	60,765
Administration	1,608,046	8,141	1,616,187
Fiscal	606,893	16,045	622,938
Operations and maintenance	1,700,329	153,547	1,853,876
Pupil transportation	902,675	464	903,139
Central	92,342	-	92,342
Operation of non-instructional services			
Food service operations	-	1,081,185	1,081,185
Other non-instructional services	4,358	8,629	12,987
Extracurricular activities	462,484	359,100	821,584
Facilities acquisition and construction	95,739	192,311	288,050
Debt service:			
Principal retirement	342,016	1,520,827	1,862,843
Interest and fiscal charges	41,843	95,663	137,506
Note issuance costs	-	21,038	21,038
Total expenditures	17,845,340	4,875,816	22,721,156
Excess of revenues over (under) expenditures	2,377,853	(496,296)	1,881,557
Other financing sources (uses):			
Sale of notes	-	2,221,816	2,221,816
Payment to refunding escrow agent	-	(1,783,322)	(1,783,322)
Total other financing sources (uses)	-	438,494	438,494
Net change in fund balances	2,377,853	(57,802)	2,320,051
Fund balances at beginning of year	4,862,916	3,413,480	8,276,396
Change in reserve for inventory	(9,319)	(329)	(9,648)
Fund balances at end of year	$ 7,231,450	$ 3,355,349	$ 10,586,799

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

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

Net change in fund balances - total governmental funds		$ 2,320,051
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	$ 531,159	
Current year depreciation	(1,327,461)	
Total		(796,302)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(9,725)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(9,648)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(35,374)	
Earnings on investments	(581)	
Intergovernmental	(95,965)	
Total		(131,920)
Repayment of bond, notes and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		1,862,843
Issuance of notes are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(2,221,816)
Payment to refunded escrow agent for the retirement of notes is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. The following refunding transactions occurred during the year		
Notes refunded	1,710,000	
Deferred charges on refundings	73,222	
Total		1,783,222

- - Continued

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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	1,846		
Amortization of bond premiums	54,020		
Amortization of deferred charges	(91,103)		
Total			(35,237)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.			
Pension	1,600,460		
OPEB	45,925		
Total			1,646,385
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	45,486		
OPEB	116,018		
Total			161,504
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.			(23,301)
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			(281,648)
Change in net position of governmental activities		$	4,264,408

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Property taxes	$ 11,148,424	$ 11,110,845	$ 11,246,953	$ 136,108
Intergovernmental	6,663,308	6,671,308	7,023,739	352,431
Investment earnings	30,000	36,000	48,699	12,699
Tuition and fees	587,500	587,500	685,155	97,655
Rental income	1,000	1,000	540	(460)
Miscellaneous	234,500	217,684	222,799	5,115
Total revenues	18,664,732	18,624,337	19,227,885	603,548
Expenditures:				
Current:				
Instruction:				
Regular	7,396,481	7,389,107	7,178,364	210,743
Special	1,753,695	1,713,490	1,703,286	10,204
Vocational	196,947	196,574	390,197	(193,623)
Other	142,643	94,643	71,195	23,448
Support services:				
Pupil	1,175,028	1,192,329	1,190,266	2,063
Instructional staff	908,790	917,455	928,068	(10,613)
Board of education	70,182	71,683	62,927	8,756
Administration	1,563,681	1,563,791	1,549,247	14,544
Fiscal	599,616	608,791	606,015	2,776
Operations and maintenance	1,637,081	1,790,815	1,706,394	84,421
Pupil transportation	848,871	953,473	884,444	69,029
Central	90,951	90,951	91,773	(822)
Operation of non-instructional services				
Other non-instructional services	-	9,900	4,358	5,542
Extracurricular activities	444,780	438,200	460,239	(22,039)
Facilities acquisition and construction	247,517	266,018	250,656	15,362
Debt service:				
Principal	126,151	126,151	126,151	-
Interest and fiscal charges	22,478	22,478	22,241	237
Total expenditures	17,224,892	17,445,849	17,225,821	220,028
Excess (deficiency) of revenues over (under) expenditures	1,439,840	1,178,488	2,002,064	823,576
Other financing sources:				
Sale of capital assets	-	-	3,125	3,125
Total other financing sources (uses)	-	-	3,125	3,125
Net change in fund balance	1,439,840	1,178,488	2,005,189	826,701
Fund balance at beginning of year	5,122,460	5,122,460	5,122,460	-
Prior year encumbrances appropriated	7,535	7,535	7,535	-
Fund balance at end of year	$ 6,569,835	$ 6,308,483	$ 7,135,184	$ 826,701

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
Assets:		
Current assets:		
Equity in pooled cash		
and cash equivalents	$ 24,282	$ 1,590,868
Prepayments	28	-
Total current assets	24,310	1,590,868
Noncurrent assets:		
Depreciable capital assets, net	1,552	-
Total noncurrent assets	1,552	-
Total assets	25,862	1,590,868
Deferred outflows of resources:		
Pension	3,420	-
OPEB	2,351	-
Total deferred outflows of resources	5,771	-
Total assets and deferred outflows of resources .	31,633	1,590,868
Liabilities:		
Pension obligation payable	609	-
Claims payable	-	225,186
Total current liabilities	609	225,186
Long-term liabilities:		
Net pension liability	13,571	-
Net OPEB liability	7,089	-
Total long-term liabilities	20,660	-
Total liabilities	21,269	225,186
Deferred inflows of resources:		
Pension	7,884	-
OPEB	33,163	-
Total deferred inflows of resources	41,047	-
Total liabilities and deferred inflows of resources .	62,316	225,186
Net position:		
Investment in capital assets	1,552	-
Unrestricted	(32,235)	1,365,682
Total net position	$ (30,683)	$ 1,365,682

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

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

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenues:		
Tuition and fees	$ 22,050	$ -
Sales/charges for services	-	2,365,282
Total operating revenues	22,050	2,365,282
Operating expenses:		
Personal services	428	-
Purchased services	501	362,099
Materials and supplies	3,397	-
Claims	-	2,284,831
Depreciation	895	-
Total operating expenses	5,221	2,646,930
Change in net position	16,829	(281,648)
Net position at beginning of year	(47,512)	1,647,330
Net position at end of year	$ (30,683)	$ 1,365,682

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND, OHIO

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

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Cash received from tuition and fees	$ 22,120	$ -
Cash received from sales/charges for services	-	2,365,282
Cash payments for personal services	(14,480)	-
Cash payments for contractual services	(501)	(362,099)
Cash payments for materials and supplies	(3,397)	-
Cash payments for claims	-	(2,182,616)
Net cash provided by (used in) operating activities	3,742	(179,433)
Net increase (decrease) in cash and cash equivalents	3,742	(179,433)
Cash and cash equivalents at beginning of year	20,540	1,770,301
Cash and cash equivalents at end of year	$ 24,282	$ 1,590,868
Operating income (loss)	16,829	(281,648)
Adjustments:		
Depreciation	895	-
Changes in assets, deferred inflows, liabilities and deferred outflows		
Pension and OPEB deferred outflows	(403)	-
Net pension liability	(8,694)	-
Net OPEB liability	(431)	-
Prepayments	4	-
Pension and OPEB deferred inflows	(4,594)	-
Accounts receivable	70	-
Pension obligation payable	66	-
Claims payable	-	102,215
Net cash provided by (used in) operating activities	$ 3,742	$ (179,433)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Ontario Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member Board of Education (Board) and provides educational services as authorized by state and/or federal agencies. The Board controls the District's four instructional/support facilities which are staffed by 63 classified, 117 certified teaching personnel and 12 administrators who provide services to 2,016 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

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

JOINTLY GOVERNED ORGANIZATION

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")
The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Huron, Marion, Morrow, Richland, Seneca, and Wyandot counties. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2022, the District paid $212,854 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

INSURANCE PURCHASING POOLS

Workers' Compensation Group Rating Plan
The District participates in a group retrospective rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Workers' Compensation Group Rating Plan (GRP) was sponsored by the Lima/Allen County Chamber of Commerce as a group purchasing pool.

Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Ohio School Benefits Cooperative
The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 24 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be District and/or educational service center administrators. The Muskingum Valley Education Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, dental, life, and/or other group insurance coverages for their employees and the eligible dependents, and designated beneficiaries of such employees, and propose to have certain other eligible districts or groups of districts join them for the same purposes. OSBC offers two options to participants.

Participants may enroll in the join insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. The OSBC's business and affairs are conducted by a nine member Board of Directors consisting of Education Service Center superintendents elected by the members of the OSBC. Medical Mutual/Antares is the Administrator of the OSBC. The District elected to participate in the joint insurance purchasing program for medical coverage.

GROUP PURCHASING POOL

Metropolitan Educational Technology Association (META) Solutions
The District is a member of the META Solutions purchasing group. The following items are purchased through this group discount program: natural gas, food service products, and certain paper products.

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

B. Fund Accounting

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

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 and liabilities and deferred inflows is reported as fund balance. The following are the District's major governmental funds:

<u>*General fund*</u> - The general fund is used to account for and report all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets (b) financial resources used for the payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for the payment and (c) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

The proprietary fund is used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration.

<u>*Enterprise fund*</u> - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District's only nonmajor enterprise fund is the latchkey fund which accounts for childcare services for 2 hours before and after school.

<u>*Internal service fund*</u> - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical/surgical, dental and vision benefits to employees.

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

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 used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no fiduciary funds.

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District. 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 - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary funds. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities and current deferred inflows, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the latchkey enterprise fund are tuition and fees. Operating expenses for the enterprise fund include the cost of sales and services, and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Custodial funds are reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses/expenditures are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated budget for all funds except custodial funds. The specific timetable for fiscal year 2022 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

   The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2022.

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

   Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.

5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2022. The amounts reported in the budgetary statement reflect the original and final appropriations, including all amendments.

8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level, which is the legal level of control.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for most funds, including the proprietary fund, are maintained in this pool. Individual fund integrity is maintained through the District’s records. Each fund’s interest in the pool is presented as “equity in pooled cash and cash equivalents” on the basic financial statements.

During fiscal year 2022, investments were limited to certificates of deposit, State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, and negotiable CDs. Investments are reported at fair value, which is based on quoted market prices, with the following exceptions: participating investment contracts such as certificates of deposit are reported at cost.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The District measures 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 an 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.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. During fiscal year 2022, interest revenue credited to the general fund amounted to $56,455 which included $24,380 assigned from other District funds.

For purposes of the statement of cash flows and for reporting on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of Net Position and in the fund.

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

All reported capital assets except land 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	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land/improvements	10 - 45 years	10 - 45 years
Buildings/improvements	10 - 50 years	N/A
Furniture/equipment	5 - 20 years	N/A
Vehicles	8 - 15 years	N/A
Intangible leased asset	3 - 5 years	N/A

The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

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

I. Unamortized Bond Premium and Discount/Accounting Gain or Loss

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

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

On the governmental fund financial statements, premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the fund financial statements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and notes are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

L. Fund Balance

The District reports classifications of fund balance based on the purpose for which resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable - resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted - resources that have purpose constraints placed upon them by laws, regulations, creditors, grantors, or other external parties are considered available only for the purpose for which they were received.

Committed - resources that are constrained for specific purposes that are internally imposed by the District at its highest level of decision making authority, the Board of Education. With an affirmative vote of its members, the Board of Education may create funds for which resources are committed to the established purpose of that fund.

Assigned - resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the latchkey program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

N. Net Position

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

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

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

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

Q. 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 nonoperating 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 basic financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2022, the District did not incur any transactions that would be classified as an extraordinary item or special item.

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

T. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 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.

A net position restatement is required in order implement GASB Statement No. 87 and GASB Implementation Guide 2019-3. The governmental activities have been restated as follows:

	Governmental Activities
Net position as previously reported	$ (39,068)
Intangible leased assets	465,555
Amortization	(77,593)
Restated net position at July 1, 2021	$ 348,894

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 report/ing 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

A. Cash on Hand

At fiscal year-end, the District had $500 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

B. Cash with Escrow Agent

At fiscal year-end, the District had $416,816 in deposits held by an escrow agent for a school bus note financing agreement. These funds are included on the financial statements of the District as "cash with escrow agent."

C. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was $306,356. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2022, $151,616 of the District's bank balance of $402,665 was exposed to custodial risk as discussed below, while $251,049 was covered by the FDIC.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2022, the District's financial institutions participated in the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

D. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Amount	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Amortized cost:						
Star Ohio	$ 5,283,038	$ 5,283,038	$ -	$ -	$ -	$ -
Fair Value:						
FHLMC	498,675	-	498,675	-	-	-
FHLB	3,748,685	-	-	-	495,970	3,252,715
Negotiable CDs	1,527,650	-	197,170	128,586	385,289	816,605
Total	$ 11,058,048	$ 5,283,038	$ 695,845	$ 128,586	$ 881,259	$ 4,069,320

The weighted average maturity of investments is 1.52 years.

The District's investments in negotiable certificates of deposit and federal agency securities are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either 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.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating and the negotiable CDs are not rated. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

Measurement/ Investment type	Measurement Amount	% of Total
Amortized cost:		
STAR Ohio	$ 5,283,038	47.78
Fair value:		
FHLMC	498,675	4.51
FHLB	3,748,685	33.90
Negotiable CDs	1,527,650	13.81
Total	$ 11,058,048	100.00

E. 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	$ 306,356
Investments	11,058,048
Cash with escrow agent	416,816
Cash on hand	500
Total	$ 11,781,720
Cash and investments per statement of net position	
Governmental activities	$ 11,757,438
Business-type activities	24,282
Total	$ 11,781,720

NOTE 5 - 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.

NOTE 5 - PROPERTY TAXES – (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Richland 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 $2,316,540 in the general fund, $6,249 in the debt service fund (a nonmajor governmental fund) and $52,454 in the permanent improvement fund (a nonmajor governmental fund). The amount available for advance at June 30, 2021 was $1,144,578 in the general fund, $59,491 in the debt service fund (a nonmajor governmental fund) and $26,063 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.

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

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 307,429,990	95.77	$ 309,061,100	95.46
Public utility personal	13,583,610	4.23	14,705,260	4.54
Total	$ 321,013,600	100.00	$ 323,766,360	100.00
Tax rate per $1,000 of assessed valuation for:				
Operations	$50.30		$50.30	
Debt service	4.50		0.10	
Permanent improvement	1.00		1.00	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees) 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	$ 10,884,377
Accounts	13,546
Intergovernmental	500,726
Accrued interest	19,103
Payments in lieu of taxes	290,000
Total	$ 11,707,752

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 - PAYMENT IN LIEU OF TAXES

The City of Ontario has entered into an agreement with a property owner under which the City granted property tax abatements to the property owner and agreed to construct certain infrastructure improvements. The property owner has agreed to make payments to the City to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. The District received $212,684 and $60,000 in revenue for payments in lieu of taxes in the general fund and nonmajor governmental funds, respectively, during fiscal year 2022.

THIS SPACE INTENTIONALLY LEFT BLANK

NOTE 8 - CAPITAL ASSETS

A. Governmental activities

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

	Restated Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 40,839	$ 35,000	$ -	$ 75,839
Total capital assets, not being depreciated	40,839	35,000	-	75,839
Capital assets, being depreciated/amortized:				
Land/improvements	4,147,258	-	-	4,147,258
Building/improvements	31,394,463	229,531	-	31,623,994
Furniture/equipment	3,736,180	222,708	(79,543)	3,879,345
Vehicles	1,795,148	43,920	-	1,839,068
Intangible right to use equipment	465,555	-	-	465,555
Total capital assets, being depreciated/amortized	41,538,604	496,159	(79,543)	41,955,220
Less: accumulated depreciation/amortization:				
Land/improvements	(2,312,474)	(174,215)	-	(2,486,689)
Building/improvements	(16,881,745)	(760,908)	-	(17,642,653)
Furniture/equipment	(2,880,134)	(157,492)	69,818	(2,967,808)
Vehicles	(1,358,295)	(79,661)	-	(1,437,956)
Intangible right to use equipment	(77,593)	(155,185)	-	(232,778)
Total accumulated depreciation/amortization	(23,510,241)	(1,327,461)	69,818	(24,767,884)
Governmental activities capital assets, net	$ 18,069,202	$ (796,302)	$ (9,725)	$ 17,263,175

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:		
Regular	$	662,794
Special		30,249
Vocational		15,197
Support services:		
Pupil		32,244
Instructional staff		122,688
Administration		23,545
Fiscal		7,363
Operations and maintenance		84,037
Pupil transportation		134,275
Operation of non-instructional services:		
Other non-instructional services		5,700
Food service operations		66,995
Extracurricular activities		142,374
Total depreciation/amortization expense	$	1,327,461

B. Business-Type Activities

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

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Business-type activities:				
Capital assets, being depreciated:				
Land improvements	$ 11,300	$ -	$ -	$ 11,300
Less: accumulated depreciation	(8,853)	(895)	-	(9,748)
Business-type activities capital assets, net	$ 2,447	$ (895)	$ -	$ 1,552

NOTE 9 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2022, the following activity occurred in governmental and business-type activities long-term obligations.

Governmental activities:	Balance Outstanding July 1, 2021	Additions	Reductions	Balance Outstanding June 30, 2022	Amount Due in One Year
General obligation bonds:					
Series 1999, Construction					
Current interest bonds	$ 195,000	$ -	$ (60,000)	$ 135,000	$ 65,000
Series 2015, Refunding					
Current interest bonds	3,300,000	-	(1,345,000)	1,955,000	1,390,000
Other long-term obligations:					
Lease payable: Chromebooks	306,815	-	(151,109)	155,706	155,706
Direct Borrowings:					
Energy Conservation note 2012	568,000	-	(87,000)	481,000	90,000
Energy Conservation note 2014	326,041	-	(39,347)	286,694	39,741
Tax Anticipation Note	167,084	-	(40,387)	126,697	41,297
Energy Conservation					
Notes Payable	1,710,000	1,805,000	(1,850,000)	1,665,000	140,000
Note Payable - Bus Purchase	-	416,816	-	416,816	297,384
Net OPEB liability	1,620,850	-	(162,233)	1,458,617	-
Net pension liability	21,916,254	-	(10,152,090)	11,764,164	-
Compensated absences	1,327,752	193,824	(64,064)	1,457,512	180,769
Total	$ 31,437,796	$ 2,415,640	$ (13,951,230)	19,902,206	$ 2,399,897
Add: unamortized premiums				76,530	
Total on statement of net position				$ 19,978,736	
Business-Type Activities					
Net pension liability	$ 22,265	$ -	$ (8,694)	$ 13,571	$ -
Net OPEB liability	7,520	-	(431)	7,089	-
Total Business Type Activities	$ 29,785	$ -	$ (9,125)	$ 20,660	$ -

Net Pension Liability: The District's net pension liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: The District's net OPEB liability/asset is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated absences: Compensated absences for the governmental activities are paid primarily from the general fund and the food service fund (a nonmajor governmental fund). See Note 10 for detail on compensated absences.

Lease Payable - The District has entered into a lease agreement for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments will be paid from the general fund and several nonmajor governmental funds.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The District has entered into lease agreements for chromebook computer equipment terms as follows:

Company	Lease Commencement Date	Years	Lease End Date	Payment Method
First American	September 1, 2020	3	September 1, 2023	Annual

The following is a schedule of future lease payments under the lease agreement:

Fiscal Year	Principal	Interest	Total
2023	$ 155,706	$ 4,736	$ 160,442

B. *Series 1999 Construction Bonds* - During fiscal year 1999, the District issued $21,249,985 in general obligation bonds (Series 1999 Construction bonds) to provide funds for various District building projects. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

During fiscal year 2007 and 2006, $4,020,000 and $10,000,000, respectively, of the current interest bonds were refunded. The capital appreciation bonds were not refunded.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2023.

The following is a summary of the future debt service requirements to maturity for the Series 1999 Construction bonds:

Fiscal	Current Interest Bonds		
Year Ended	Principal	Interest	Total
2023	$ 65,000	$ 5,309	$ 70,309
2024	70,000	1,881	71,881
Total	$ 135,000	$ 7,190	$ 142,190

C. *Series 2015 Refunding Bonds* **-** On September 3, 2015, the District issued $8,580,000 in general obligation bonds (Series 2015 Refunding Bonds) to refund $8,695,000 of the Series 2006 Refunding current interest bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these bonds are recorded as expenditures in the debt service fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue was December 1, 2023.

The reacquisition price exceeded the net carrying amount of the old debt by $146,027. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the Series 2015 Refunding bonds:

Fiscal	Series 2015 Current Interest Bonds		
Year Ended	Principal	Interest	Total
2023	$1,390,000	$ 37,800	$1,427,800
2024	565,000	8,475	573,475
Total	$1,955,000	$ 46,275	$2,001,275

D. On December 15, 2011, the District issued $1,235,600 in energy conservation notes to upgrade the District facilities to reduce energy consumption. This is a direct borrowing through Capital One. Payments of principal and interest related to these notes are recorded in the general fund.

The following is a description of the energy conservation notes payable at June 30, 2022:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Energy conservation notes	3.55%	12/15/11	12/01/26	$ 568,000	$ -	$ (87,000)	$ 481,000

The following is a summary of the future annual debt service requirements to maturity for the energy conservation notes:

Fiscal	Energy Conservation Notes		
Year Ended	Principal	Interest	Total
2023	$ 90,000	$ 15,478	$ 105,478
2024	94,000	12,212	106,212
2025	97,000	8,822	105,822
2026	100,000	5,325	105,325
2027	100,000	1,775	101,775
Total	$ 481,000	$ 43,612	$ 524,612

E. On April 10, 2014, the District entered into a House Bill 264 energy conservation note for $590,747. This is a direct borrowing from the Department of Development, through the State of Ohio. Due to the COVID-19 crisis, the Ohio Department of Development did not collect the June 1, 2020 debt service payment and will extend the loan term. Payments of principal and interest related to these notes are recorded in the general fund.

The following is a description of the energy conservation notes payable at June 30, 2022:

Purpose	Rate	Date	Date	July 1, 2021	Additions	Reductions	June 30, 2022
Energy conservation notes	1.00%	04/10/14	12/01/28	$ 326,041	$ -	$ (39,347)	$ 286,694

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future annual debt service requirements to maturity for the energy conservation notes:

Fiscal Year Ended	Energy Conservation Notes Principal	Interest	Total
2023	$ 39,741	$ 2,768	$ 42,509
2024	40,139	2,369	42,508
2025	40,542	1,967	42,509
2026	40,948	1,560	42,508
2027	41,358	1,151	42,509
2028 - 2029	83,966	1,013	84,979
Total	$ 286,694	$ 10,828	$ 297,522

F. On May 17, 2018, the District entered into an energy conservation equipment note payable agreement for $1,995,000. This is a direct borrowing through US Bancorp Government Leasing and Financing. The District refunded this note during fiscal year 2022. The 2022 note payable agreement is a direct borrowing through Sterling National Bank. Payments are made from the permanent improvement fund (a nonmajor governmental fund).

The following is a description of the note payable and refunding at June 30, 2022:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Note payable	3.41%	05/18/18	12/01/32	$ 1,710,000		$ (1,710,000)	$ -
Note payable	1.39%	10/13/21	12/01/32	-	1,805,000	(140,000)	1,665,000

The following is a summary of the future annual debt service requirements to maturity for the note payable agreement:

Fiscal Year Ended	Energy Conservation Note Payable Principal	Interest	Total
2023	$ 139,000	$ 22,178	$ 161,178
2024	142,000	20,225	162,225
2025	145,000	18,230	163,230
2026	147,000	16,200	163,200
2027	150,000	14,136	164,136
2028 - 2032	780,000	38,642	818,642
2033 - 2034	162,000	1,126	163,126
Total	$ 1,665,000	$ 130,737	$ 1,795,737

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

G. On July 8, 2020, the District issued $207,045 in tax anticipation notes in order to provided funds for parking lot improvements. The tax anticipation note bear an interest rate of 2.24%. The notes mature on June 1, 2025. Payments are due semi-annually on December 1 and June 1 from the permanent improvement fund (a nonmajor governmental fund).

The following is a description of the tax anticipation notes payable at June 30, 2022:

Purpose	Interest Rate	Issue Date	Maturity Date	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
Tax Anticipation note	2.24%	7/8/2020	6/1/2025	$ 167,084	$ -	$ (40,387)	$ 126,697

Fiscal Year Ended	Tax Anticipation Notes Principal	Interest	Total
2023	$ 41,297	$ 2,609	$ 43,906
2024	42,222	1,683	43,905
2025	43,178	727	43,905
Total	$ 126,697	$ 5,019	$ 131,716

H. In March 2022, the District entered into a school bus note financing agreement. Payments are due annually on October 1 from the permanent improvement fund (a nonmajor governmental fund).

The following is a description of the bus purchase note payable at June 30, 2022:

Purpose	Rate	Date	Date	July 1, 2021	Additions	Reductions	June 30, 2022
Bus purchase note	3.95%	3/18/2022	10/1/2023	$ -	$ 416,816	$ -	$ 416,816

Fiscal Year Ended	Bus Purchase Note Principal	Interest	Total
2023	$ 297,384	$ 6,761	$ 304,145
2024	119,432	4,713	124,145
Total	$ 416,816	$ 11,474	$ 428,290

I. 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 $29,044,666 (including available funds of $1,995,694) and an unvoted debt margin of $323,766.

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining the vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per year, depending upon the length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 20 days of vacation per year by contract. The vacation does not accrue. It is totally awarded at the beginning of the contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Central Office Administrators who are paid for up to 10 days of unused vacation at the end of their contract. The Superintendent is also allowed to carry over up to ten unused days of vacation from year to year. The teachers do not earn vacation.

Administrators, teachers and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to 450 days. Upon retirement, payment is made based upon 22.22% of the accrued sick leave days.

NOTE 11 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the District contracted with The Ohio School Plan for property insurance coverage in the blanket amount of $95,618,943 with agreed amount, 100% coinsurance, replacement cost endorsement and a $2,500 deductible. Boiler and machinery coverage is also provided with blanket coverage in the amount of $95,618,943 with a $2,500 deductible.

Vehicles are covered by The Ohio School Plan and hold a $250 deductible for comprehensive and $500 for collision for autos and $1,000 for buses. Automobile liability has a $10,000,000 limit.

The Ohio School Plan also provides general liability coverage with a $10,000,000 each occurrence limit and $12,000,000 aggregate with no deductible.

The Ohio School Plan provides School Leaders Errors and Omissions liability coverage with a $10,000,000 injury limit and a $2,500 deductible.

The Ohio School Plan provides Employee Benefits Liability coverage on a claims made policy with a $10,000,000 claim limit and $12,000,000 aggregate limit with a $2,500 deductible.

The Ohio School Plan also provides Sexual Misconduct and Molestation coverage on a occurrence form with $10,000,000 limit and no deductible and provides employers' liability coverage in the amount of $10,000,000 limit with no deductible.

The Ohio School Plan provides violence and cyber policies with a $1,000,000 limit with no deductible for the Violence Policy and $25,000 deductible for the Cyber Policy.

Ironshore Specialty Insurance Company provides a Pollution Policy with a $1,000,000 limit and a $25,000 deductible.

The District does not have any underground storage tanks, therefore, underground storage tanks leak insurance is not required.

Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2022.

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Employee Dishonesty Bonds

An employee blanket dishonesty bond in the total amount of $100,000 is provided to cover all other employees of the District.

C. Worker's Compensation Group Retrospective Rating Plan

For calendar year 2022, the District participated in the Worker's Compensation Group Retrospective Rating Plan sponsored by the Lima/Allen County Chamber of Commerce, a voluntary performance-based incentive program. The intent of the program is to reward participants that are able to keep their claims cost low. Districts continue to pay their individual premium directly to the Ohio Bureau of Workers' Compensation (BWC). Districts will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2016 program, the evaluation periods will be January 2017 and January 2018. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the districts individual premium compared to the overall program premium. Participation in the Group Retrospective Rating Plan is limited to school districts that can meet the programs selection criteria. The firm of Sheakley provides administrative, cost control and actuarial services to the program.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through AUL Life Insurance Company in the amount of $50,000. Administrators and central office personnel coverage is in the amount of $125,000.

The District has elected to provide three options to the employees for health insurance coverage on a self-insured basis. Medical Mutual of Ohio located in Cleveland, Ohio administers all three plans through the Ohio School Benefits Cooperative.

The first option is a Preferred Provider Plan with a $750 single and $1,500 family deductible. Included in the plan is a prescription drug card with a $15 per prescription copay for generic drugs, a $30 per prescription copay for formulary drugs, and a $50 per prescription copay for brand drugs. The total monthly premium for the PPO plan is $1,131 for single coverage and $3,105 for family coverage. The District's portion of the monthly premium is $952 for single coverage and $2,579 for family coverage which is paid out of the same fund that pays the salary for the employee. Through negotiations, the District's amounts are capped at 80% of premium increases up to the current trend increase. Any increase above trend is the employees' responsibility. The employee monthly portion of the premium is $179 for single coverage and $526 for family coverage which is withheld from their biweekly payroll. Approximately 5% of the staff participate in this plan.

The second option is a Health Savings Account Plan with a $3,000 single and $6,000 family deductible. The total monthly premium for the HSA plan is $640 for single coverage and $1,767 for family coverage. The District contributes annually to the employee's HSA account in the amount of $552 for single coverage and $1,500 for family coverage. The District portion of the monthly premium is $567 for single coverage and $1,561 for family coverage which is paid out of the same fund that pays the salary for the employee. Through negotiations, the District's amounts are capped at 90% of premium increases up to the current trend increase. Any increase above trend is the employees' responsibility. The employee monthly portion of the premium is $72 for single coverage and $205 for family coverage which is withheld from their biweekly payroll. Approximately 95% of the staff participate in this plan.

NOTE 11 - RISK MANAGEMENT - (Continued)

The third option is a Minimum Value Plan with a $4,000 single and $8,000 family deductible. Included in the plan is a prescription drug card with a $10 copay for generic drugs, a $50 copay for formulary drugs, and a $100 copay for brand drugs. The total monthly premium for the MVP plan is $839 for single coverage and $2,263 for family coverage. The District portion of the monthly premium is $671 for single coverage and $0 for family coverage which is paid out of the same fund that pays the salary for the employee. Through negotiations, the District's amounts are capped at 80% of premium increases up to the current trend increase. Any increase above the trend is the employees' responsibility. The employee monthly portion of the premium is $168 for single coverage and $2,263 for family coverage which is withheld from their biweekly payroll. Currently, no staff participate in this plan.

The District provides dental coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is $39 for single and $106 for family coverage. The District's portion of the monthly premium is $23 for single and $67 for family coverage. These amounts are also capped at 65% of premium increases up to the current trend increase with any increase above the trend being the employee's responsibility. The employee portion of the monthly premium is $16 for single and $39 for family coverage which is withheld from their biweekly payroll.

The District also provides vision coverage for its employees on a self-insured basis through Medical Mutual of Ohio. The total monthly premium is $7 for single coverage and $18 for family coverage. The District's portion of the monthly premium is $1 for single coverage and $4 for family coverage. These amounts are capped at 48% of premium increases. The employee portion of the monthly premium is $6 for single coverage and $14 for family coverage which is withheld from their biweekly payroll.

As of June 1, 2014, the District became self-insured through Medical Mutual of Ohio. Premiums are paid into the Self-Insurance Fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. For fiscal year 2022, a total expense of $362,099 was incurred in administrative costs. The liability for unpaid claims of $225,186 reported at June 30, 2022 is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB 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 accrued at the estimated ultimate cost of settling claims.

Changes in the fund's claims liability amount was:

Fiscal Year	Beginning Balance	Claims Incurred	Claims Payments	Ending Balance
2022	$ 122,971	$ 2,284,831	$ (2,182,616)	$ 225,186
2021	113,965	1,731,399	(1,722,393)	122,971

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $402,913 for fiscal year 2022. Of this amount, $46,918 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $1,199,496 for fiscal year 2022. Of this amount, $194,632 is reported as pension and postemployment benefits payable.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	0.072888200%	0.070744040%	
Proportion of the net pension liability current measurement date	0.076047900%	0.070169400%	
Change in proportionate share	0.003159700%	-0.000574640%	
Proportionate share of the net pension liability	$ 2,805,947	$ 8,971,788	$ 11,777,735
Pension expense	$ 77,894	$ (123,769)	$ (45,875)

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	$ 271	$ 277,185	$ 277,456
Changes of assumptions	59,085	2,488,937	2,548,022
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	155,986	155,464	311,450
Contributions subsequent to the measurement date	402,913	1,199,496	1,602,409
Total deferred outflows of resources	$ 618,255	$ 4,121,082	$ 4,739,337

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 72,770	$ 56,236	$ 129,006
Net difference between projected and actual earnings on pension plan investments	1,445,142	7,731,966	9,177,108
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	520	134,884	135,404
Total deferred inflows of resources	$ 1,518,432	$ 7,923,086	$ 9,441,518

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

$1,602,409 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	$ (245,102)	$ (1,199,572)	$ (1,444,674)
2024	(270,817)	(1,052,893)	(1,323,710)
2025	(343,603)	(1,182,639)	(1,526,242)
2026	(443,568)	(1,566,396)	(2,009,964)
Total	$ (1,303,090)	$ (5,001,500)	$ (6,304,590)

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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 4,668,407	$ 2,805,947	$ 1,235,253

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 16,800,802	$ 8,971,788	$ 2,356,289

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

NOTE 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.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 $46,148.

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 $46,148 for fiscal year 2022. Of this amount, $46,148 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.074925200%	0.070744040%	
Proportion of the net OPEB liability/asset current measurement date	0.077444800%	0.070169400%	
Change in proportionate share	0.002519600%	-0.000574640%	
Proportionate share of the net OPEB liability	$ 1,465,706	$ -	$ 1,465,706
Proportionate share of the net OPEB asset	$ -	$ (1,479,464)	$ (1,479,464)
OPEB expense	$ (16,262)	$ (111,317)	$ (127,579)

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	$ 15,622	$ 52,680	$ 68,302
Changes of assumptions	229,933	94,503	324,436
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	128,706	32,820	161,526
Contributions subsequent to the measurement date	46,148	-	46,148
Total deferred outflows of resources	$ 420,409	$ 180,003	$ 600,412

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 729,988	$ 271,068	$ 1,001,056
Net difference between projected and actual earnings on OPEB plan investments	31,841	410,085	441,926
Changes of assumptions	200,718	882,609	1,083,327
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	72,673	35,683	108,356
Total deferred inflows of resources	$ 1,035,220	$ 1,599,445	$ 2,634,665

$46,148 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (166,943)	$ (412,088)	$ (579,031)
2024	(167,164)	(401,825)	(568,989)
2025	(147,743)	(377,795)	(525,538)
2026	(112,307)	(170,835)	(283,142)
2027	(54,038)	(58,193)	(112,231)
Thereafter	(12,764)	1,294	(11,470)
Total	$ (660,959)	$ (1,419,442)	$ (2,080,401)

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.

THIS SPACE INTENTIONALLY LEFT BLANK

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,816,188	$ 1,465,706	$ 1,185,717

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,128,474	$ 1,465,706	$ 1,916,145

Actuarial Assumptions - STRS

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

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00 %	

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,248,439	$ 1,479,464	$ 1,672,451

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,664,631	$ 1,479,464	$ 1,250,488

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,

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

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

Net Change in Fund Balance

	General fund
Budget basis	$ 2,005,189
Net adjustment for revenue accruals	916,460
Net adjustment for expenditure accruals	(549,343)
Net adjustment for other sources/uses	(3,125)
Net adjustment for fund reclassification	4,281
Adjustment for encumbrances	4,391
GAAP basis	$ 2,377,853

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 16 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into the capital improvement reserve. This reserve is calculated and presented on a cash basis. During the fiscal year ended June 30, 2022, the reserve activity was as follows:

	Capital Improvements
Set-aside reserve balance June 30, 2021	$ -
Current year set-aside requirement	352,974
Current year qualifying expenditures	(750,058)
Total	$ (397,084)
Balance carried forward to fiscal year 2023	$ -
Set-aside reserve balance June 30, 2022	$ -

Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

NOTE 17 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

THIS PAGE INTENTIONALLY LEFT BLANK

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net pension liability	0.07604790%	0.07288820%	0.07036640%	0.06922430%
District's proportionate share of the net pension liability	$ 2,805,947	$ 4,820,979	$ 4,210,145	$ 3,964,604
District's covered payroll	$ 2,636,114	$ 2,588,886	$ 2,389,333	$ 2,426,644
District's proportionate share of the net pension liability as a percentage of its covered payroll	106.44%	186.22%	176.21%	163.38%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014	
	0.07465070%		0.07405560%		0.07567620%		0.07209200%		0.07209200%
$	4,460,214	$	5,420,187	$	4,318,157	$	3,648,535	$	4,287,080
$	2,338,636	$	2,359,250	$	2,419,992	$	2,116,003	$	1,709,191
	190.72%		229.74%		178.44%		172.43%		250.83%
	69.50%		62.98%		69.16%		71.70%		65.52%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net pension liability	0.07016940%	0.07074404%	0.07031063%	0.06910696%
District's proportionate share of the net pension liability	$ 8,971,788	$ 17,117,540	$ 15,548,773	$ 15,195,069
District's covered payroll	$ 8,729,243	$ 8,503,543	$ 8,258,743	$ 7,910,414
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.78%	201.30%	188.27%	192.09%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.06755379%	0.06986884%	0.07174464%	0.07186559%	0.07186559%
$ 16,047,548	$ 23,387,207	$ 19,828,120	$ 17,480,199	$ 20,822,298
$ 7,430,950	$ 7,496,614	$ 7,567,136	$ 7,907,500	$ 7,481,785
215.96%	311.97%	262.03%	221.06%	278.31%
75.30%	66.80%	72.10%	74.70%	69.30%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 402,913	$ 369,056	$ 362,444	$ 322,560
Contributions in relation to the contractually required contribution	(402,913)	(369,056)	(362,444)	(322,560)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,877,950	$ 2,636,114	$ 2,588,886	$ 2,389,333
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
$ 327,597	$ 327,409	$ 330,295	$ 318,955	$ 293,278	$ 236,552
(327,597)	(327,409)	(330,295)	(318,955)	(293,278)	(236,552)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,426,644	$ 2,338,636	$ 2,359,250	$ 2,419,992	$ 2,116,003	$ 1,709,191
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 1,199,496	$ 1,222,094	$ 1,190,496	$ 1,156,224
Contributions in relation to the contractually required contribution	(1,199,496)	(1,222,094)	(1,190,496)	(1,156,224)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,567,829	$ 8,729,243	$ 8,503,543	$ 8,258,743
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015	2014	2013
	$ 1,107,458	$ 1,040,333	$ 1,049,526	$ 1,059,399	$ 1,027,975	$ 972,632
	(1,107,458)	(1,040,333)	(1,049,526)	(1,059,399)	(1,027,975)	(972,632)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 7,910,414	$ 7,430,950	$ 7,496,614	$ 7,567,136	$ 7,907,500	$ 7,481,785
	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.07744480%	0.07492520%	0.07158670%	0.07019470%
District's proportionate share of the net OPEB liability	$ 1,465,706	$ 1,628,370	$ 1,800,255	$ 1,947,391
District's covered payroll	$ 2,636,114	$ 2,588,886	$ 2,389,333	$ 2,426,644
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	55.60%	62.90%	75.35%	80.25%
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
	0.07568410%	0.07440111%
	$ 2,031,162	$ 2,120,707
	$ 2,338,636	$ 2,359,250
	86.85%	89.89%
	12.46%	11.49%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	**2021**	**2020**	**2019**
District's proportion of the net OPEB liability/asset	0.07016940%	0.07074404%	0.07031063%	0.06910696%
District's proportionate share of the net OPEB liability/(asset)	$ (1,479,464)	$ (1,243,326)	$ (1,164,513)	$ (1,110,478)
District's covered payroll	$ 8,729,243	$ 8,503,543	$ 8,258,743	$ 7,910,414
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.95%	14.62%	14.10%	14.04%
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
	0.06755379%	0.06986884%
	$ 2,635,700	$ 3,736,604
	$ 7,430,950	$ 7,496,614
	35.47%	49.84%
	47.10%	37.30%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	**2021**	**2020**	**2019**
Contractually required contribution	$ 46,148	$ 45,270	$ 44,772	$ 49,947
Contributions in relation to the contractually required contribution	(46,148)	(45,270)	(44,772)	(49,947)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,877,950	$ 2,636,114	$ 2,588,886	$ 2,389,333
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	40,718	$	35,100	$	34,875	$	52,326	$	34,496	$	29,360
	(40,718)		(35,100)		(34,875)		(52,326)		(34,496)		(29,360)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,426,644	$	2,338,636	$	2,359,250	$	2,419,992	$	2,116,003	$	1,709,191
	0.00%		0.00%		0.82%		0.14%		0.16%		0.55%

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 8,567,829	$ 8,729,243	$ 8,503,543	$ 8,258,743
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	-	$	-	$	-	$	-	$	76,133	$	74,818
	-		-		-		-		(76,133)		(74,818)
$	-	$	-	$	-	$	-	$	-	$	-
$	7,910,414	$	7,430,950	$	7,496,614	$	7,567,136	$	7,907,500	$	7,481,785
	0.00%		0.00%		0.00%		1.00%		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)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

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.

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

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

FEDERAL GRANTOR / ***Passed Through Grantor*** / Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed through the Ohio Department of Education		
Child Nutrition Cluster:		
Cash Assistance		
School Breakfast Program	10.553	$ 280,495
National School Lunch Program	10.555	734,719
COVID-19 National School Lunch Program	10.555	21,126
Total National School Lunch Program		755,845
Special Milk Program for Children	10.556	2,006
Total Cash Assistance		1,038,346
Non-Cash Assistance		
National School Lunch Program	10.555	45,736
Total Child Nutrition Cluster		1,084,082
COVID-19 Pandemic EBT Administrative Costs	10.649	614
Total U.S. Department of Agriculture		**1,084,696**
U.S. DEPARTMENT OF EDUCATION		
Passed through the Ohio Department of Education		
COVID-19 Education Stabilization Fund:		
COVID-19 Education Stabilization Fund (ESSER I)	84.425D	23,103
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	41,170
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	686,792
Total COVID-19 Education Stabilization Fund		751,065
Title I Grants to Local Educational Agencies	84.010A	173,239
Special Education Cluster:		
Special Education - Grants to States	84.027A	360,875
COVID-19 Special Education - Grants to States	84.027X	44,679
Special Education - Preschool Grants	84.173A	9,307
COVID-19 Special Education - Preschool Grants	84.173X	3,456
Total Special Education Cluster		418,317
Supporting Effective Instruction State Grants	84.367A	42,378
Student Support and Academic Enrichment Program	84.424A	12,509
English Language Acquisition State Grants	84.365	2,177
Total U.S. Department of Education		**1,399,685**
U.S. FEDERAL COMMUNICATIONS COMMISSION		
Direct		
COVID-19 Emergency Connectivity Fund Program	32.009	45,293
Total U.S. Federal Communications Commission		**45,293**
TOTAL EXPENDITURES OF FEDERAL AWARDS		**$ 2,529,674**

The accompanying notes are an integral part of this schedule.

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS2 CFR 200.510(b)(6)
FOR THE 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 Ontario Local School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

The District 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.

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Ontario Local School District
Richland County
457 Shelby-Ontario Road
Ontario, Ohio 44906

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, the business-type activities, the major fund, and the aggregate remaining fund information of the Ontario Local School District, Richland 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 March 8, 2023, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 8, 2023

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

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

Ontario Local School District
Richland County
457 Shelby-Ontario Road
Ontario, Ohio 44906

To the Board of Education:

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

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

Qualified Opinion on the Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified and Unmodified Opinions* section of our report, Ontario Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2022.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Ontario Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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 qualified and unmodified opinions 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.

Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund

As described in finding 2022-001 in the accompanying schedule of findings, the District did not comply with requirements regarding Special Tests and Provisions – Wage Rate Requirements applicable to its AL #84.425 COVID-19 Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

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.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

In addition, subsequent to issuing our 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 dated March 8, 2023 report, we became aware of noncompliance with federal prevailing wage rate requirements. As a result, we determined this report should include finding 2022-001, and a qualified opinion on the AL #84.425 Education Stabilization Fund major program. This report therefore includes such, and replaces our report dated March 8, 2023.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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**.** We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2022-001, to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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
Auditor of State
Columbus, Ohio

March 8, 2023, except for finding 2022-001, and the qualified opinion on AL# 84.425 Education Stabilization Fund described above, which are as of February 6, 2024.

ONTARIO LOCAL SCHOOL DISTRICT
RICHLAND 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)?**	No
(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)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(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**	Child Nutrition Cluster – Unmodified COVID-19 Education Stabilization Fund – Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	AL # 10.553/10.555/10.556 - Child Nutrition Cluster AL # 84.425 - COVID-19 Education Stabilization Fund
(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

None

3. FINDINGS FOR FEDERAL AWARDS

Finding Number:	**2022-001**
Assistance Listing Number and Title:	**AL # 84.425 Education Stabilization Fund**
Federal Award Identification Number / Year:	**2022**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Special Tests and Provisions – Wage Rate Requirements**
Pass-Through Entity:	**Ohio Department of Education**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness – Prevailing Wage Requirements

2 CFR § 3474.1 gives regulatory effect to the Department of Education (DOE) for **Appendix II to 2 CFR Part 200** which states, in part, all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

Lack of effective controls led to the District expending $46,833 of AL# 84.425 Education Stabilization Fund federal grant funds for the installation of ventilation systems which did not meet the requirements of the Davis-Bacon Act. The District failed to include all applicable contract clauses found in 29 CFR 5.5 to a construction contract in excess of $2,000.

Failure to have effective controls in place over wage-rate requirements may result in the District and its contractors or subcontractors failing to pay prevailing wages when required by Federal law and could result in reduction of future Federal funding or other sanctions imposed by Federal grantors.

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Noncompliance and Material Weakness – Prevailing Wage Requirements (Continued)

When required by Federal grant legislation, the District should ensure prime construction contracts in excess of $2,000 paid with Federal grant monies contain provisions that require the contractor to comply with wage rate requirements. Further, the District should ensure certified payroll reports are provided weekly by the contractor.

Officials' Response: See Corrective Action Plan

THIS PAGE INTENTIONALLY LEFT BLANK

457 SHELBY-ONTARIO ROAD
ONTARIO, OHIO 44906

ONTARIO LOCAL SCHOOLS

P: 419-747-4311
F: 419-747-6859
ONTARIOSCHOOLS.ORG

KEITH STRICKLER, *SUPERINTENDENT OF SCHOOLS* | MIKE REAM, *ASSISTANT SUPERINTENDENT* | RANDALL K. HARVEY, *TREASURER*

CORRECTIVE ACTION PLAN[1]
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	Going forward if we ever anticipate using federal funds for any type of building renovation, we will seek advice from our lawyer to see if the Davis Bacon Act applies.
Anticipated Completion Date:	01/26/2024
Responsible Contact Person:	Randy Harvey

THIS PAGE INTENTIONALLY LEFT BLANK

OHIO AUDITOR OF STATE
KEITH FABER

ONTARIO LOCAL SCHOOL DISTRICT

RICHLAND 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 2/20/2024