



**HOLGATE LOCAL SCHOOL DISTRICT  
HENRY COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2024-2023**



**HOLGATE LOCAL SCHOOL DISTRICT  
HENRY COUNTY  
JUNE 30, 2024 AND 2023**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2024 .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position June 30, 2024 .....	13
Statement of Activities For the Fiscal Year Ended June 30, 2024 .....	14
Fund Financial Statements:	
Balance Sheet Governmental Funds June 30, 2024 .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2024 .....	17
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2024 .....	18
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities For the Fiscal Year Ended June 20, 2024 .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual General Fund For the Fiscal Year Ended June 30, 2024 .....	21
Statement of Fiduciary Net Position Private Purpose Trust Fund June 30, 2024 .....	22
Statement of Change in Fiduciary Net Position Private Purpose Trust Fund For the Fiscal Year Ended June 30, 2024 .....	23
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2024 .....	24

**HOLGATE LOCAL SCHOOL DISTRICT  
HENRY COUNTY  
JUNE 30, 2024 AND 2023**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio Last Ten Fiscal Years .....	68
Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio Last Ten Fiscal Years .....	70
Schedule of the School District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio Last Eight Fiscal Years .....	72
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System of Ohio Last Eight Fiscal Years .....	74
Schedule of the School District's Contributions School Employees Retirement System of Ohio Last Ten Fiscal Years .....	76
Schedule of the School District's Contributions State Teachers Retirement System of Ohio Last Ten Fiscal Years .....	78
Notes to the Required Supplementary Information .....	80
Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2023 .....	85
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position June 30, 2023 .....	93
Statement of Activities For the Fiscal Year Ended June 30, 2023 .....	94
Fund Financial Statements:	
Balance Sheet Governmental Funds June 30, 2023 .....	96
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities June 30, 2023 .....	97
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2023 .....	98

**HOLGATE LOCAL SCHOOL DISTRICT  
HENRY COUNTY  
JUNE 30, 2024 AND 2023**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities For the Fiscal Year Ended June 20, 2023.....	99
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual General Fund For the Fiscal Year Ended June 30, 2023.....	100
Statement of Fiduciary Net Position Private Purpose Trust Fund June 30, 2023.....	101
Statement of Change in Fiduciary Net Position Private Purpose Trust Fund For the Fiscal Year Ended June 30, 2023.....	102
Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2023 .....	103
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio Last Ten Fiscal Years .....	148
Schedule of the School District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio Last Ten Fiscal Years .....	150
Schedule of the School District's Proportionate Share of the Net OPEB Liability School Employees Retirement System of Ohio Last Seven Fiscal Years .....	152
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset) State Teachers Retirement System of Ohio Last Seven Fiscal Years .....	154
Schedule of the School District's Contributions School Employees Retirement System of Ohio Last Ten Fiscal Years .....	156
Schedule of the School District's Contributions State Teachers Retirement System of Ohio Last Ten Fiscal Years .....	158
Notes to the Required Supplementary Information .....	160
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	165
Summary Schedule of Prior Audit Findings (prepared by management) .....	167

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



65 East State Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
800-282-0370

## INDEPENDENT AUDITOR'S REPORT

Holgate Local School District  
Henry County  
801 East Joe E. Brown Avenue  
Holgate, Ohio 43527

To the Board of Education:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holgate Local School District, Henry County, Ohio (the District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Holgate Local School District, Henry County, Ohio as of June 30, 2024 and 2023, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

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

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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



We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 17, 2025, 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  
Auditor of State  
Columbus, Ohio

April 17, 2025

**This page intentionally left blank.**

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

---

The discussion and analysis of Holgate Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### **Highlights**

Highlights for fiscal year 2024 are as follows:

In total, net position increased \$770,988, or 5 percent, from the prior fiscal year.

General revenues accounted for 84 percent of total revenues and reflect the School District's significant dependence on property taxes, income taxes, and unrestricted state entitlements.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Holgate Local School District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater 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 School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Holgate Local School District, the General Fund and the Bond Retirement debt service fund are the most significant funds.

### **Reporting the School District as a Whole**

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2024. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

---

In the statement of net position and the statement of activities, all of the School District's activities are reflected as governmental activities including instruction, support services, non-instructional services, and extracurricular activities.

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

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund and the Bond Retirement debt service fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2024 and fiscal year 2023.

Table 1  
Net Position

	Governmental Activities		
	2024	2023	Change
<u>Assets:</u>			
Current and Other Assets	\$11,184,373	\$10,183,640	\$1,000,733
Net OPEB Asset	410,965	572,528	(161,563)
Capital Assets, Net	15,560,502	16,081,579	(521,077)
Total Assets	27,155,840	26,837,747	318,093
			(continued)

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

Table 1  
Net Position  
(continued)

	Governmental Activities		
	2024	2023	Change
<u>Deferred Outflows of</u>			
<u>Resources:</u>			
Pension	\$1,205,140	\$1,547,035	(\$341,895)
OPEB	235,672	174,980	60,692
Total Deferred Outflows of Resources	1,440,812	1,722,015	(281,203)
<u>Liabilities:</u>			
Current and Other Liabilities	743,896	759,422	15,526
Long-Term Liabilities			
Pension	5,627,377	6,025,723	398,346
OPEB	330,080	295,119	(34,961)
Other Amounts	2,181,997	2,542,844	360,847
Total Liabilities	8,883,350	9,623,108	739,758
<u>Deferred Inflows of</u>			
<u>Resources:</u>			
Pension	641,963	674,677	32,714
OPEB	670,769	857,046	186,277
Other Amounts	1,958,260	1,733,609	(224,651)
Total Deferred Inflows of Resources	3,270,992	3,265,332	(5,660)
<u>Net Position:</u>			
Net Investment in Capital Assets	13,743,954	13,892,669	(148,715)
Restricted	1,694,335	1,457,362	236,973
Unrestricted	1,004,021	321,291	682,730
Total Net Position	\$16,442,310	\$15,671,322	\$770,988

The net pension liability and net OPEB liability (asset) reported by the School District at June 30, 2024, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

---

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 or net OPEB liability. GASB Statements No. 68 and No. 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 Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service 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 School 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution 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 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. vacation and sick 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 pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the School District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB 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 Statements No. 68 and No. 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

Pension/OPEB related changes noted in the above table reflect an overall decrease in deferred outflows and deferred inflows related to pension/OPEB. The decrease in the net OPEB asset and the net pension liability and the increase in the OPEB liability represents the School District's proportionate share of the unfunded benefits. As indicated previously, changes in pension/OPEB benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension/OPEB liability (asset).

Aside from the changes related to pension/OPEB, there were a few changes of note from the prior fiscal year. The increase in current and other assets increased for several reasons. First, cash and cash equivalents increased due to property taxes (the School District received half a year of collection from the reappraisal that occurred in the County in fiscal year 2023) and investment earnings and other interest (rising interest rate and fair market value of investments). Also, property taxes receivable increased due to delinquent taxes (a large company has appealed the tax assessment, and while this appeal is working through the process the property taxes on this are not being collected) and a full year of collection of new reappraisal values. For these reasons, net position, unrestricted increased. The decrease in net capital assets is the result of annual depreciation and the decrease in other long-term liabilities represents scheduled debt retirement causing overall net investment in capital assets to decrease.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for pension and OPEB plans for fiscal year 2024. This change impacted the amounts presented as net position restricted for OPEB plans and unrestricted net position. GASB 100 does not require amounts prior to those presented in the basic financial statements to be updated for a change in accounting principle.

Table 2 reflects the change in net position for fiscal year 2024 and fiscal year 2023.

Table 2  
Change in Net Position

	Governmental Activities		
	2024	2023	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$434,528	\$423,445	\$11,083
Operating Grants and Contributions	979,209	905,726	73,483
Total Program Revenues	1,413,737	1,329,171	84,566
General Revenues			
Property Taxes	2,591,322	2,292,069	299,253
Income Taxes	1,110,110	1,084,577	25,533
Grants and Entitlements	3,478,452	3,310,786	167,666
Investment Earnings and Other Interest	284,314	123,500	160,814
Gifts and Donations	1,100	1,150	(50)
Miscellaneous	38,024	11,817	26,207
Total General Revenues	7,503,322	6,823,899	679,423
Total Revenues	8,917,059	8,153,070	763,989

(continued)

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

Table 2  
Change in Net Position  
(continued)

	Governmental Activities		
	2024	2023	Change
<u>Expenses</u>			
Instruction:			
Regular	3,243,793	3,367,484	123,691
Special	940,832	950,237	9,405
Vocational	231,735	230,491	(1,244)
Support Services:			
Pupils	459,129	358,664	(100,465)
Instructional Staff	170,142	161,388	(8,754)
Board of Education	16,196	13,255	(2,941)
Administration	698,261	652,747	(45,514)
Fiscal	295,442	315,143	19,701
Business	15,917	42,331	26,414
Operation and Maintenance of Plant	772,240	688,914	(83,326)
Pupil Transportation	225,442	236,212	10,770
Central	277,845	252,114	(25,731)
Non-Instructional Services	285,056	250,317	(34,739)
Extracurricular Activities	411,228	390,979	(20,249)
Interest and Fiscal Charges	102,813	124,741	21,928
Total Expenses	8,146,071	8,035,017	(111,054)
Increase in Net Position	770,988	118,053	652,935
Net Position Beginning of Year	15,671,322	15,553,269	118,053
Net Position End of Year	<u>\$16,442,310</u>	<u>\$15,671,322</u>	<u>\$770,988</u>

Total revenues increased over 9 percent. Changes for program revenues consisted of a increase in charges for services which was insignificant and an increase in operating grants and contributions due to an increase in receiving more restricted funds from State funding (includes student wellness, special education, career technical education, and special education transportation). The increase in general revenues was primarily due to property taxes (increase in delinquent taxes and half a year collection on reappraisal that occurred in the County) and investment earnings and other interest (rising interest rate and fair market value of investments).

The overall increase in expense was insignificant.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.



Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2024	2023	2024	2023
Instruction:				
Regular	\$3,243,793	\$3,367,484	\$3,024,395	\$3,159,629
Special	940,832	950,237	550,047	566,282
Vocational	231,735	230,491	180,702	184,070
Support Services:				
Pupils	459,129	358,664	241,911	182,868
Instructional Staff	170,142	161,388	170,142	161,388
Board of Education	16,196	13,255	16,196	13,255
Administration	698,261	652,747	698,261	652,747
Fiscal	295,442	315,143	295,442	315,143
Business	15,917	42,331	15,917	33,045
Operation and Maintenance of Plant	772,240	688,914	689,109	607,492
Pupil Transportation	225,442	236,212	225,442	236,212
Central	277,845	252,114	273,850	236,809
Non-Instructional Services	285,056	250,317	17,127	(3,167)
Extracurricular Activities	411,228	390,979	230,980	235,332
Interest	102,813	124,741	102,813	124,741
Total Expenses	<u>\$8,146,071</u>	<u>\$8,035,017</u>	<u>\$6,732,334</u>	<u>\$6,705,846</u>

With the substantial contribution of general revenues for funding the School District's activities, only a limited number of activities are affected by program revenues. Instruction costs are partially offset by tuition and fees and grants restricted for various instruction purposes. Non-instructional services costs are supported by cafeteria sales, state and federal subsidies, and donated commodities for food service operations. Extracurricular activities costs are supported by music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

### **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting.

Fund balance increased a little over 5 percent in the General Fund. There was an increase in property tax and investment earnings and other interest revenue (as previously mentioned above). There was only a slight increase in overall expenditures.

Fund balance decreased almost 17 percent in the Bond Retirement Fund as debt service requirements exceeded property tax and related revenue for debt payments.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2024  
Unaudited

---

**General Fund Budgeting Highlights**

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

During fiscal year 2024 the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget were in property taxes and interest revenues and changes from the final budget to actual revenues were in intergovernmental and interest revenues. All changes were due to conservative budgeting. For expenditures, the decrease from original budget to the final budget was largely related to instruction costs. Changes from the final budget to actual expenditures were not significant.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2024, the School District had \$15,560,502 invested in capital assets (net of accumulated depreciation). Additions included 3 metal detectors and miscellaneous equipment. Disposals included miscellaneous equipment. For further information regarding the School District's capital assets, refer to Note 10 to the basic financial statements.

**Debt**

The School District's outstanding debt at fiscal year-end included long-term loans, in the amount of \$1,051,000, and general obligation bonds, in the amount of \$250,000. The School District's long-term obligations also include the net pension/OPEB liability, compensated absences, and financed purchases. For further information regarding the School District's long-term obligations, refer to Note 16 to the basic financial statements.

**Current Issues**

While the School District's current five-year forecast reflects positive balances for fiscal years 2025 through 2029, the School District will be deficit spending beginning in fiscal year 2027.

The School District's current contract with the teachers' union will expire August 31, 2024.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kent Seemann, Treasurer, Holgate Local School District, 801 East Joe E. Brown Avenue, Holgate, Ohio 43527.

Holgate Local School District  
Statement of Net Position  
June 30, 2024

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,687,206
Accounts Receivable	1,690
Accrued Interest Receivable	56,095
Intergovernmental Receivable	29,764
Prepaid Items	5,995
Inventory Held for Resale	2,300
Materials and Supplies Inventory	7,255
Property Taxes Receivable	2,928,028
Income Taxes Receivable	466,040
Net OPEB Asset	410,965
Nondepreciable Capital Assets	448,987
Depreciable Capital Assets, Net	15,111,515
Total Assets	<u>27,155,840</u>
<u>Deferred Outflows of Resources:</u>	
Pension	1,205,140
OPEB	235,672
Total Deferred Outflows of Resources	<u>1,440,812</u>
<u>Liabilities:</u>	
Accounts Payable	18,794
Accrued Wages and Benefits Payable	591,870
Matured Compensated Absences Payable	24,016
Unearned Revenue	1,992
Intergovernmental Payable	102,141
Accrued Interest Payable	5,083
Long-Term Liabilities:	
Due Within One Year	433,097
Net Pension Liability	5,627,377
Net OPEB Liability	330,080
Other Amounts Due in More Than One Year	1,748,900
Total Liabilities	<u>8,883,350</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes Receivable	1,958,260
Pension	641,963
OPEB	670,769
Total Deferred Inflows of Resources	<u>3,270,992</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	13,743,954
Restricted For:	
Debt Service	564,007
Capital Projects	338,048
OPEB Plans	410,965
Other Purposes	381,315
Unrestricted	1,004,021
Total Net Position	<u>\$16,442,310</u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2024

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$3,243,793	\$106,137	\$113,261
Special	940,832	0	390,785
Vocational	231,735	0	51,033
Support Services:			
Pupils	459,129	8,606	208,612
Instructional Staff	170,142	0	0
Board of Education	16,196	0	0
Administration	698,261	0	0
Fiscal	295,442	0	
Business	15,917	0	0
Operation and Maintenance of Plant	772,240	0	83,131
Pupil Transportation	225,442	0	0
Central	277,845	0	3,995
Non-Instructional Services	285,056	139,537	128,392
Extracurricular Activities	411,228	180,248	0
Interest	102,813	0	0
Total Governmental Activities	<u>\$8,146,071</u>	<u>\$434,528</u>	<u>\$979,209</u>
<u>General Revenues:</u>			
Property Taxes Levied for General Purposes			
Property Taxes Levied for Classroom Facilities Purposes			
Property Taxes Levied for Debt Service Purposes			
Property Taxes Levied for Permanent Improvements			
Income Taxes			
Grants and Entitlements not Restricted to Specific Programs			
Investment Earnings and Other Interest			
Gifts and Donations			
Miscellaneous			
Total General Revenues			
Change in Net Position			
Net Position at Beginning of Year			
Net Position at End of Year			

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue  
and Change in  
Net Position

---

Governmental  
Activities

---

(\$3,024,395)  
(550,047)  
(180,702)

(241,911)  
(170,142)  
(16,196)  
(698,261)  
(295,442)  
(15,917)  
(689,109)  
(225,442)  
(273,850)  
(17,127)  
(230,980)  
(102,813)  
(6,732,334)

2,184,495  
28,450  
274,374  
104,003  
1,110,110  
3,478,452  
284,314  
1,100  
38,024  
7,503,322

770,988

15,671,322  
\$16,442,310

Holgate Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2024

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,517,963	\$483,802	\$685,441	\$7,687,206
Accounts Receivable	1,505	0	185	1,690
Accrued Interest Receivable	56,095	0	0	56,095
Intergovernmental Receivable	26,526	0	3,238	29,764
Prepaid Items	5,788	0	207	5,995
Inventory Held for Resale	0	0	2,300	2,300
Materials and Supplies Inventory	6,469	0	786	7,255
Property Taxes Receivable	2,449,120	325,712	153,196	2,928,028
Income Taxes Receivable	466,040	0	0	466,040
Total Assets	<u>\$9,529,506</u>	<u>\$809,514</u>	<u>\$845,353</u>	<u>\$11,184,373</u>
<u>Liabilities:</u>				
Accounts Payable	\$18,704	\$0	\$90	\$18,794
Accrued Wages and Benefits Payable	573,466	0	18,404	591,870
Matured Compensated Absences Payable	24,016	0	0	24,016
Unearned Revenue	0	0	1,992	1,992
Intergovernmental Payable	95,473	0	6,668	102,141
Total Liabilities	<u>711,659</u>	<u>0</u>	<u>27,154</u>	<u>738,813</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes Receivable	1,629,090	240,424	88,746	1,958,260
Unavailable Revenue	807,185	68,372	62,039	937,596
Total Deferred Inflows of Resources	<u>2,436,275</u>	<u>308,796</u>	<u>150,785</u>	<u>2,895,856</u>
<u>Fund Balances:</u>				
Nonspendable	12,257	0	993	13,250
Restricted	0	500,718	669,659	1,170,377
Assigned	46,209	0	0	46,209
Unassigned	6,323,106	0	(3,238)	6,319,868
Total Fund Balances	<u>6,381,572</u>	<u>500,718</u>	<u>667,414</u>	<u>7,549,704</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$9,529,506</u>	<u>\$809,514</u>	<u>\$845,353</u>	<u>\$11,184,373</u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2024

Total Governmental Fund Balances	\$7,549,704
----------------------------------	-------------

Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	15,560,502
---	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	1,230	
Accrued Interest Receivable	33,147	
Intergovernmental Receivable	3,238	
Delinquent Property Taxes Receivable	827,044	
Income Taxes Receivable	72,937	
		937,596

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(5,083)	
Loans Payable	(1,051,000)	
General Obligation Bonds Payable	(250,000)	
Compensated Absences Payable	(365,449)	
Financed Purchase Payable	(515,548)	
		(2,187,080)

The net OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.

Net OPEB Asset	410,965	
Deferred Outflows - Pension	1,205,140	
Deferred Inflows - Pension	(641,963)	
Net Pension Liability	(5,627,377)	
Deferred Outflows - OPEB	235,672	
Deferred Inflows - OPEB	(670,769)	
Net OPEB Liability	(330,080)	
		(5,418,412)

Net Position of Governmental Activities	\$16,442,310
---	--------------

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2024

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$1,654,319	\$235,206	\$86,940	\$1,976,465
Income Taxes	1,114,110	0	0	1,114,110
Intergovernmental	3,859,007	41,304	554,112	4,454,423
Investment Earnings and Other Interest	288,977	0	2,245	291,222
Tuition and Fees	107,474	0	8,606	116,080
Charges for Services	0	0	139,537	139,537
Extracurricular Activities	102	0	180,146	180,248
Gifts and Donations	1,100	0	0	1,100
Miscellaneous	37,839	0	185	38,024
Total Revenues	<u>7,062,928</u>	<u>276,510</u>	<u>971,771</u>	<u>8,311,209</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,976,999	0	37,568	3,014,567
Special	729,361	0	195,531	924,892
Vocational	207,213	0	0	207,213
Support Services:				
Pupils	377,249	0	82,033	459,282
Instructional Staff	149,318	0	0	149,318
Board of Education	16,196	0	0	16,196
Administration	686,846	0	0	686,846
Fiscal	275,280	10,368	2,201	287,849
Business	15,917	0	0	15,917
Operation and Maintenance of Plant	540,693	0	255,394	796,087
Pupil Transportation	179,111	0	0	179,111
Central	273,608	0	3,995	277,603
Non-Instructional Services	0	0	270,755	270,755
Extracurricular Activities	202,839	0	161,801	364,640
Debt Service:				
Principal Retirement	71,362	301,000	0	372,362
Interest	37,436	66,253	0	103,689
Total Expenditures	<u>6,739,428</u>	<u>377,621</u>	<u>1,009,278</u>	<u>8,126,327</u>
Net Change in Fund Balance	323,500	(101,111)	(37,507)	184,882
Fund Balances at Beginning of Year	6,058,072	601,829	704,921	7,364,822
Fund Balances at End of Year	<u>\$6,381,572</u>	<u>\$500,718</u>	<u>\$667,414</u>	<u>\$7,549,704</u>

See Accompanying Notes to the Basic Financial Statements



Holgate Local School District  
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement of Activities  
For the Fiscal Year Ended June 30, 2024

Changes in Fund Balances - Total Governmental Funds \$184,882

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current fiscal year.

Capital Outlay - Depreciable Capital Assets	205,338	
Depreciation	(725,543)	
		(520,205)

The book value of the capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a loss on disposal of capital assets on the statement of activities. (872)

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

Delinquent Property Taxes	614,857	
Income Taxes	(4,000)	
Intergovernmental	3,238	
Investment Earnings and Other Interest	(6,908)	
Tuition and Fees	(1,337)	
		605,850

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

Loans Payable	71,000	
Government Obligation Bonds	230,000	
Financed Purchase Payable	71,362	
		372,362

Interest is reported as an expenditure when due in governmental funds but is accrued on outstanding debt on the statement of net position. 876

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (11,515)

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB liability (asset) are reported as pension/OPEB expense on the statement of activities.

Pension	(442,979)	
OPEB	36,376	
		(406,603)

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

Pension	532,144	
OPEB	14,069	
		546,213

Change in Net Position of Governmental Activities \$770,988

See Accompanying Notes to the Basic Financial Statements

This page intentionally left blank.

Holgate Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Revenues:</u>				
Property Taxes	\$1,652,950	\$1,786,029	\$1,786,029	\$0
Income Taxes	1,085,000	1,081,327	1,081,327	0
Intergovernmental	3,645,701	3,675,328	3,874,305	198,977
Interest	75,000	271,557	293,504	21,947
Tuition and Fees	115,050	108,586	108,646	60
Extracurricular Activities	0	102	102	0
Gifts and Donations	1,000	1,100	1,100	0
Miscellaneous	34,820	36,253	36,261	8
Total Revenues	6,609,521	6,960,282	7,181,274	220,992
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,185,688	2,959,716	2,959,716	0
Special	684,864	722,192	722,012	180
Vocational	283,550	209,122	209,122	0
Support Services:				
Pupils	372,965	362,759	362,759	0
Instructional Staff	146,517	148,988	148,988	0
Board of Education	13,692	16,111	16,111	0
Administration	643,615	685,967	682,438	3,529
Fiscal	274,035	272,827	272,827	0
Business	5,000	15,909	15,909	0
Operation and Maintenance of Plant	693,413	655,782	651,838	3,944
Pupil Transportation	197,943	189,606	180,098	9,508
Central	260,378	279,022	279,022	0
Extracurricular Activities	201,402	201,533	201,533	0
Total Expenditures	6,963,062	6,719,534	6,702,373	17,161
Change in Fund Baance	(353,541)	240,748	478,901	238,153
Fund Balance at Beginning of Year	6,009,877	6,009,877	6,009,877	0
Prior Year Encumbrances Appropriated	14,656	14,656	14,656	0
Fund Balance at End of Year	\$5,670,992	\$6,265,281	\$6,503,434	\$238,153

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Fiduciary Net Position  
Private Purpose Trust Fund  
June 30, 2024

	Private Purpose Trust
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$121,687</u>
<u>Net Position:</u>	
Held in Trust for Scholarships	<u>\$121,687</u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Change in Fiduciary Net Position  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2024

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Investment Earnings and Other Interest	\$5,687
<u>Deductions:</u>	
Non-Instructional Services	<u>5,000</u>
Change in Net Position	687
Net Position at Beginning of Year	<u>121,000</u>
Net Position at End of Year	<u><u>\$121,687</u></u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 1 - Description of the School District and Reporting Entity**

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

The School District was established in 1892. The School District serves an area of approximately fifty-four square miles. It is located in Henry County and includes all of the Village of Holgate and portions of Flatrock, Marion, Monroe, and Pleasant Townships. It is staffed by twenty two classified employees, thirty-eight certified teaching personnel, and five administrative employees who provide services to four hundred nineteen students and other community members. The School District currently operates one instructional building.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Holgate Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. There are no component units of the Holgate Local School District.

The School District participates in three jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Schools of Ohio Risk Sharing Authority, the Northern Buckeye Health Plan, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, and the Holgate Community Library. These organizations are presented in Notes 19, 20, and 21 to the basic financial statements.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Governmental Funds**

Governmental funds are those through which most governmental functions of the School District 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 liabilities and deferred inflows of resources is reported as fund balance. The School District's two major funds are the General Fund and the Bond Retirement debt service fund.

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's private purpose trust fund accounts for college scholarships for students after graduation.

**C. Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from fiduciary funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Nonexchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year-end: property taxes available as an advance, income taxes, grants, investment earnings and other interest, tuition, student fees, and charges for services.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 13 and 14 to the basic financial statements.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources consist of property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as deferred inflows 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 School District, unavailable revenue includes accrued investment earnings and other interest, delinquent property taxes, and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 13 and 14).

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**Expenses/Expenditures**

On the accrual basis, expenses are recognized at the time they are incurred.

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

**E. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level in all other funds. Budgetary allocations at the function level in the General Fund and at the function and object level within all other funds are made by the School District Treasurer.

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

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

**F. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During fiscal year 2024, investments include mutual funds, negotiable certificates of deposit, and non-negotiable certificates of deposit. Investments are reported at fair value, which is based on quoted market price or current share price, with the exception of non-negotiable certificates of deposit, which are reported at cost.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

The Board of Education allocates interest according to State statute. Investment earnings and other interest revenue credited to the General Fund during fiscal year 2024 was \$288,977, which included \$41,152 assigned from other School District funds.

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

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

**I. Capital Assets**

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School District maintains a capitalization threshold of one thousand dollars. 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 capitalized.

All 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	Useful Lives
Land Improvements	20 - 40 years
Buildings and Building Improvements	20 - 75 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	15 years

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**L. Net Position**

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Restricted net position for the OPEB plan represents the corresponding restricted asset amounts held in trust by the OPEB plan for future benefits.

**M. Fund Balance**

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The Board of Education has also fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2025 budget. The Board of Education has also assigned certain resources for certain educational or extracurricular activities.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**N. Interfund Transactions**

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments made for interfund services provided and used are not eliminated.

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

**O. Pension/Postemployment Benefits (OPEB)**

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

**P. Estimates**

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



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 3 - Change in Accounting Principles**

For fiscal year 2024, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, and related guidance from GASB Implementation Guide No. 2023-1, *Implementation Guidance Update — 2023*. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, *Implementation Guidance Update — 2021*.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather reclassified the amounts presented as net position restricted for OPEB plans and unrestricted net position.

**Note 4 - Compliance**

The Elementary and Secondary School Emergency Relief, Title I and Title II-A special revenue funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2024, in the amount of \$11,768, \$5,847 and \$1,347, respectively. The Treasurer will review appropriations to ensure they are within amounts available.

**Note 5 - Budgetary Basis of Accounting**

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



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 5 - Budgetary Basis of Accounting** (continued)

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

<u>Change in Fund Balance</u>	
GAAP Basis	\$323,500
<u>Increase(Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2023, Received in Cash FY 2024	684,141
Accrued FY 2024, Not Yet Received in Cash	(563,011)
Expenditure Accruals:	
Accrued FY 2023, Paid in Cash FY 2024	(653,277)
Accrued GY2024, Not Yet Paid in Cash	711,659
Cash Adjustments:	
Unrecorded Activity FY 2023	(9,333)
Unrecorded Activity FY 2024	6,549
Prepaid Items	(2,653)
Material and Supplies Inventory	2,404
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(21,078)
Budget Basis	<u>\$478,901</u>

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 6 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by eligible securities pledged by the financial institution as security for repayment.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 6 - Deposits and Investments** (continued)

7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the School District and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Investments**

Investments are reported at fair value. As of June 30, 2024, the School District had the following investments:

Measurement/Investment	Amount	Maturity
Fair Value - Level One Inputs		
Mutual Funds	\$23,361	36 days
Fair Value - Level Two Inputs		
Negotiable Certificates of Deposit	249,948	7/22/24
Negotiable Certificates of Deposit	243,927	8/2/24
Negotiable Certificates of Deposit	249,847	8/15/24
Negotiable Certificates of Deposit	236,884	8/23/24
Negotiable Certificates of Deposit	236,900	11/7/24
Negotiable Certificates of Deposit	234,069	1/9/25
Negotiable Certificates of Deposit	233,947	1/10/25
Negotiable Certificates of Deposit	233,926	1/17/25
Negotiable Certificates of Deposit	244,625	1/21/25
Negotiable Certificates of Deposit	149,345	1/23/25
Negotiable Certificates of Deposit	249,870	2/18/25
Negotiable Certificates of Deposit	120,707	2/20/25
Negotiable Certificates of Deposit	224,622	3/13/25
Negotiable Certificates of Deposit	224,631	3/18/25
Negotiable Certificates of Deposit	249,470	4/21/25
Negotiable Certificates of Deposit	249,733	4/23/25
Total Investments	\$ 3,655,812	

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 6 - Deposits and Investments** (continued)

The School District has categorized 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. The above chart identifies the School District's recurring fair value measurements as of June 30, 2024. The School District's investment in mutual funds measured at fair value is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The mutual funds carry a rating of AAA-mf by Moody's. The negotiable certificates of deposit are covered by FDIC and/or SIPC insurance. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organizations.

The School District places no limit on the amount it may invest in any one issuer or investment type. The following table indicates the percentage of investments to the School District's total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$3,632,451	99.4%

**Note 7 - Receivables**

Receivables at June 30, 2024, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, property taxes, and income taxes. 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. All receivables, except property taxes and income taxes, are expected to be collected within one year. Property taxes and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 7 - Receivables** (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
State of Ohio, Medicaid	\$2,219
E-Rate	22,924
NW State Community College	1,383
Total General Fund	<u>26,526</u>
Other Governmental Funds	
Elementary and Secondary School	
Emergency Relief	3,238
Total Intergovernmental Receivables	<u><u>\$29,764</u></u>

**Note 8 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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 2024 represent the collection of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Henry County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 8 - Property Taxes** (continued)

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2024, and for which there was 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 reflected as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2024, was \$120,159 in the General Fund, \$1,297 in the Classroom Maintenance special revenue fund, \$16,916 in the Bond Retirement debt service fund, and \$4,352 in the Permanent Improvements capital projects fund. The amount available as an advance at June 30, 2024, was \$251,869 in the General Fund, \$3,170 in the Classroom Maintenance special revenue fund, \$48,295 in the Bond Retirement debt service fund, and \$10,876 in the Permanent Improvements capital projects fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The assessed values upon which fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$55,669,240	67.62%	\$78,521,270	76.80%
Industrial/Commercial	3,065,980	3.72%	4,089,510	4.00%
Public Utility	23,599,740	28.66%	19,631,810	19.20%
Total Assessed Value	<u>\$82,334,960</u>	<u>100.00%</u>	<u>\$102,242,590</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$37.86		\$35.76	

**Note 9 - Income Taxes**

The School District levies a voted tax of 1.5 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 10 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$448,987	\$0	\$0	\$448,987
Depreciable Capital Assets				
Land Improvements	2,157,046	3,298	0	2,160,344
Buildings and Improvements	21,197,368	0	0	21,197,368
Furniture, Fixtures, and Equipment	1,551,102	202,040	(38,281)	1,714,861
Vehicles	890,987	0	0	890,987
Total Depreciable Capital Assets	25,796,503	205,338	(38,281)	25,963,560
Less Accumulated Depreciation				
Land Improvements	(1,576,732)	(98,042)	0	(1,674,774)
Buildings and Improvements	(7,147,923)	(478,447)	0	(7,626,370)
Furniture, Fixtures, and Equipment	(959,511)	(94,691)	37,409	(1,016,793)
Vehicles	(479,745)	(54,363)	0	(534,108)
Total Accumulated Depreciation	(10,163,911)	(725,543)	37,409	(10,852,045)
Total Depreciable Capital Assets, Net	15,632,592	(520,205)	(872)	15,111,515
Governmental Activities Capital Assets, Net	\$16,081,579	(\$520,205)	(\$872)	\$15,560,502

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 10 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

	<u>Depreciation</u>
Instruction:	
Regular	\$323,916
Special	27,890
Vocational	26,978
Support Services:	
Pupils	9,239
Instructional Staff	22,172
Administration	26,683
Fiscal	14,075
Operation & Maintenance of Plant	142,830
Pupil Transportation	55,198
Central	2,235
Non Instructional Services	24,716
Extracurricular Activities	49,611
Total Depreciation Expense	<u><u>\$725,543</u></u>

**Note 11 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted for the following insurance coverage.

Coverage provided through Schools of Ohio Risk Sharing Authority is as follows:

General Liability	
Per Occurrence	\$ 15,000,000
Total per Year	17,000,000
Vehicle Liability	15,000,000
Building and Contents	35,246,748

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

For fiscal year 2024, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 11 - Risk Management** (continued)

The School District participates in the Northern Buckeye Health Plan (Plan), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees including medical, dental, vision, and life insurance. The Northern Buckeye Education Council is responsible for the management and operations of the Plan. The agreement for the Plan provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Plan, a participant is responsible for any claims not processed and paid and any related administrative costs.

For fiscal year 2024, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience, and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**Note 12 - Contractual Commitments**

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2025 are as follows:

General Fund	\$21,078
Other Governmental Funds	6,325
Total	<u>\$27,403</u>

**Note 13 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/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.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 13 - Defined Benefit Pension Plans** (continued)

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

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School 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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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](http://www.ohsers.org) under Employers/Audit Resources.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 13 - 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 on or 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 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 percent for the first thirty years of service and 2.5 percent 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent 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 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$115,519 for fiscal year 2024. Of this amount \$14,374 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 Web site at [www.strsoh.org](http://www.strsoh.org).

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 13 - Defined Benefit Pension Plans** (continued)

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent 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 percent upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent 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 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent 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 at age fifty 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.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 13 - Defined Benefit Pension Plans** (continued)

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

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 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$416,625 for fiscal year 2024. Of this amount \$59,601 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.01948900%	0.02113082%	
Prior Measurement Date	0.02052990%	0.02211101%	
Change in Proportionate Share	<u>-0.00104090%</u>	<u>-0.000980190%</u>	
Proportionate Share of the Net			
Pension Liability	\$1,076,869	\$4,550,508	\$5,627,377
Pension Expense	\$93,641	\$349,338	\$442,979

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 13 - Defined Benefit Pension Plans** (continued)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$46,287	\$165,902	\$212,189
Changes of assumptions	7,628	374,759	382,387
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	78,420	78,420
School District contributions subsequent to the measurement date	<u>115,519</u>	<u>416,625</u>	<u>532,144</u>
Total Deferred Outflows of Resources	<u><u>\$169,434</u></u>	<u><u>\$1,035,706</u></u>	<u><u>\$1,205,140</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$10,098	\$10,098
Changes of assumptions	0	282,086	\$282,086
Net difference between projected and actual earnings on pension plan investments	15,136	13,638	28,774
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	<u>61,417</u>	<u>259,588</u>	<u>321,005</u>
Total Deferred Inflows of Resources	<u><u>\$76,553</u></u>	<u><u>\$565,410</u></u>	<u><u>\$641,963</u></u>

\$532,144 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$26,996)	(\$70,196)	(\$97,192)
2026	(55,646)	(215,057)	(270,703)
2027	59,201	407,659	466,860
2028	<u>803</u>	<u>(68,735)</u>	<u>(67,932)</u>
Total	<u><u>(\$22,638)</u></u>	<u><u>\$53,671</u></u>	<u><u>\$31,033</u></u>



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 13 - Defined Benefit Pension Plans** (continued)

**Actuarial Assumptions - SERS**

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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

Inflation	2.4 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 13 - Defined Benefit Pension Plans** (continued)

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Multi-Asset Strategy	0.00	0.00
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

Sensitivity of the School 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 percent, 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 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$1,589,402	\$1,076,869	\$645,155



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 13 - Defined Benefit Pension Plans** (continued)

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2023, actuarial valuation are presented below:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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:

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

\* Final target weights reflected at October 1, 2022.

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 13 - Defined Benefit Pension Plans** (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,997,676	\$4,550,508	\$2,480,876

**Social Security**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System, or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2024, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 14 - Defined Benefit OPEB Plans**

See Note 13 for a description of the net OPEB liability (asset).

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

Health Care Plan Description - The School 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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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](http://www.ohsers.org) under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 14 - Defined Benefit OPEB Plans** (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$14,069

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$14,069 for fiscal year 2024. Of this amount \$14,069 is reported as an intergovernmental payable.

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

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients 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 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

**OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 14 - Defined Benefit OPEB Plans** (continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02003590%	0.02113082%	
Prior Measurement Date	0.02101970%	0.02211101%	
Change in Proportionate Share	<u>-0.00098380%</u>	<u>-0.00098019%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$330,080	\$0	\$330,080
Net OPEB Asset	\$0	\$410,965	\$410,965
OPEB Expense	(\$13,218)	(\$23,158)	(\$36,376)

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$688	\$641	\$1,329
Changes of assumptions	111,610	60,542	172,152
Net difference between projected and actual earnings on OPEB plan investments	2,558	734	3,292
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	37,933	6,897	44,830
School District contributions subsequent to the measurement date	<u>14,069</u>	<u>0</u>	<u>14,069</u>
Total Deferred Outflows of Resources	<u>\$166,858</u>	<u>\$68,814</u>	<u>\$235,672</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$170,235	\$62,682	\$232,917
Changes of assumptions	93,746	271,149	364,895
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>72,957</u>	<u>0</u>	<u>72,957</u>
Total Deferred Inflows of Resources	<u>\$336,938</u>	<u>\$333,831</u>	<u>\$670,769</u>

\$14,069 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 14 - Defined Benefit OPEB Plans** (continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	(\$50,983)	(\$118,561)	(\$169,544)
2026	(46,960)	(54,366)	(101,326)
2027	(26,613)	(20,115)	(46,728)
2028	(20,458)	(27,841)	(48,299)
2029	(19,629)	(25,481)	(45,110)
Thereafter	<u>(19,506)</u>	<u>(18,653)</u>	<u>(38,159)</u>
Total	<u>(\$184,149)</u>	<u>(\$265,017)</u>	<u>(\$449,166)</u>

**Actuarial Assumptions - SERS**

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

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

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

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 14 - Defined Benefit OPEB Plans** (continued)

	<u>June 30, 2023</u>
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate,	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 14 - Defined Benefit OPEB Plans** (continued)

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. 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 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

**Sensitivity of the School 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' 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.

	1% Decrease (3.27%)	Current Discount Rate (4.27%)	1% Increase (5.27%)
School District's proportionate share of the net OPEB liability	\$421,937	\$330,080	\$257,648
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$242,499	\$330,080	\$446,138



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 14 - Defined Benefit OPEB Plans** (continued)

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2023, actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 14 - Defined Benefit OPEB Plans** (continued)

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 13.

**Discount Rate** - The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, 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 percent) or one percentage point higher (8.00 percent) 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$347,828	\$410,965	\$465,951
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$468,502	\$410,965	\$341,663

**Note 15 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to thirty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty days for certified employees and two hundred days for classified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-five days for certified employees and fifty days for classified employees.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 15 - Other Employee Benefits** (continued)

**B. Health Care Benefits**

The School District provides medical, dental, and vision insurance to most employees through the Northern Buckeye Health Plan, and life insurance through American United Life.

**Note 16 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2024 were as follows:

	Balance at 6/30/2023	Additions	Reductions	Balance at 6/30/2024	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt from Direct Placement					
FY06 Loan Payable 5.06%	\$1,122,000	\$0	(\$71,000)	\$1,051,000	\$74,000
General Obligation Bonds from Direct Placement					
FY12 School Facilities Construction and Improvement Refunding Bonds					
Term Bonds 3%	480,000	0	(230,000)	250,000	250,000
Net Pension Liability					
SERS	1,110,417	0	(33,548)	1,076,869	\$0
STRS	4,915,306	0	(364,798)	4,550,508	0
Total Net Pension Liability	6,025,723	0	(398,346)	5,627,377	0
Net OPEB Liability					
SERS	295,119	34,961	0	330,080	0
Compensated Absences	353,934	33,954	(22,439)	365,449	18,333
Finance Purchase Payable from Direct Borrowing	586,910	0	(71,362)	515,548	90,764
Total Governmental Activities					
Long Term Obligations	\$8,863,686	\$68,915	(\$793,147)	\$8,139,454	\$433,097

**FY06 Loan Payable** - On October 7, 2005, the School District obtained a loan, in the amount of \$1,800,000, for constructing school facilities. The loan was issued for a twenty-nine year period, with final maturity during fiscal year 2035. The loan is being retired from the Bond Retirement debt service fund.

**FY 12 School Facilities Construction and Improvement Refunding Bonds** - On January 12, 2012, the School District issued current refunding general obligation bonds through a direct placement, in the original amount of \$1,155,000, to refund a portion of the FY 2002 School Facilities Construction and Improvement Bonds. The refunding bond issue consists of term bonds. The bonds were issued for a twelve-year period, with final maturity in fiscal year 2024. The bonds are being retired through the Bond Retirement debt service fund.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 16 - Long-Term Obligations** (continued)

The bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on December 1

The remaining principal, in the amount of \$250,000, will be paid at stated maturity on December 1, 2024.

FY02 School Facilities Construction and Improvement Bonds - On April 15, 2002, the School District issued \$3,069,000 in voted general obligation bonds for the construction of a new elementary school and middle school. The bond issue included serial and term bonds, in the original amount of \$1,329,000 and \$1,740,000, respectively. The bonds were issued for a twenty-four year period, with final maturity during fiscal year 2025. During fiscal year 2012, a portion of the term bonds, in the amount of \$1,155,000, was refunded. The remaining bonds will be retired through the Bond Retirement debt service fund.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability; however, employer pension/OPEB contributions are made from the General Fund and the Food Service and Rotary-Latch Key special revenue funds. For additional information related to the net pension/OPEB liability, see Notes 13 and 14 to the basic financial statements.

Compensated absences will be paid from the General Fund and the Food Service special revenue fund.

During fiscal year 2019, the School District entered in a financed purchase agreement for Tiger Energy Conservation in the amount of \$833,636 to be paid from the General fund.

The School District's overall debt margin was \$8,401,551 with an unvoted debt margin of \$102,243 at June 30, 2024.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2024, were as follows:

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 16 - Long-Term Obligations** (continued)

FY 06 Loan Payable from Direct Placement

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	\$74,000	\$51,613	\$125,613
2026	78,000	47,745	125,745
2027	82,000	43,672	125,672
2028	86,000	39,397	125,397
2029	90,000	34,917	124,917
2030-2034	521,000	99,484	620,484
2035	120,000	3,054	123,054
	<u>\$1,051,000</u>	<u>\$319,882</u>	<u>\$1,370,882</u>

General Obligation Bonds  
From Direct Placement

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	<u>\$250,000</u>	<u>\$3,750</u>	<u>\$253,750</u>

Financed Purchases From Direct  
Borrowings

Year	Principal	Interest	Total
2025	\$90,764	\$38,015	\$128,779
2026	90,434	28,255	118,689
2027	97,319	21,369	118,688
2028	104,729	13,960	118,689
2029	112,702	5,986	118,688
2030	19,600	181	19,781
	<u>\$515,548</u>	<u>\$107,766</u>	<u>\$623,314</u>

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

**Note 17 - Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Bond Retirement	Other Governmental	Total Govenmental Funds
Nonspendable for:				
Prepaid Items	\$5,788	\$0	\$207	\$5,995
Materials and Supplies				
Inventory	6,469	0	786	7,255
Total Nonspendable	12,257	0	993	13,250
Restricted for:				
Athletics and Music	0	0	46,781	46,781
Debt Retirement	0	500,718	0	500,718
Facilities Maintenance	0		103,692	103,692
Food Service Operations	0	0	194,622	194,622
Latchkey	0	0	2,477	2,477
Permanent Improvements	0	0	290,970	290,970
Regular Instruction	0	0	977	977
Student Managed Activities	0	0	30,124	30,124
Wellness Program	0	0	16	16
Total Restricted	0	500,718	669,659	1,170,377
Assigned For:				
Educational Activities	14,551	0	0	14,551
Extracurricular Activities	1,246	0	0	1,246
Projected Budget Shortage	15,334	0	0	15,334
Unpaid Obligations	15,078	0	0	15,078
Total Assigned	46,209	0	0	46,209
Unassigned(Deficit)	6,323,106	0	(3,238)	6,319,868
Total Fund Balance	\$6,381,572	\$500,718	\$667,414	\$7,549,704

**Note 18 - Set Asides**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. This amount must be carried forward and used for the same purpose in future years.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 18 - Set Asides** (continued)

The following cash basis information identifies the change in the fund balance set aside for capital improvements during fiscal year 2024.

Balance June 30, 2023	\$0
Current Year Set Aside Requirement	89,473
Current Year Offsets	<u>(89,473)</u>
Balance June 30, 2024	<u><u>\$0</u></u>

**Note 19 - Jointly Governed Organizations**

**A. Northwest Ohio Computer Association**

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2024, the School District paid \$137,234 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Educational Council, 209 Nolan Parkway, Archbold, Ohio 43502.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 19 - Jointly Governed Organizations** (continued)

**C. Four County Career Center**

The Four County Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a board consisting of five representatives from the Northwest Ohio Educational Service Center and one representative from the participating school districts elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Four County Career Center, 22-900 State Route 34, Archbold, Ohio 43502.

**Note 20 - Insurance Pools**

**A. Schools of Ohio Risk Sharing Authority**

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43122.

**B. Northern Buckeye Health Plan**

The School District participates in the Northern Buckeye Health Plan (Plan), Northwest Division of OHI, a self-insurance pool, for insurance benefits to employees. The School District pays monthly premiums to the Plan for the benefits offered to its employees, which include health, dental, vision, and life insurance. The Plan is responsible for the management and operations of the program. The agreement with the Plan provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Plan, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024

---

**Note 21 - Related Organization**

The Holgate Community Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Holgate Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Holgate Community Library, 204 Railway Avenue, Holgate, Ohio 43527.

**Note 22 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

**B. School Foundation**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (DEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. The District's August 19, 2024 foundation settlement receipt included the FTE adjustment for fiscal year 2024. The adjustment was a decrease of \$623.73. The District's October 15, 2024 foundation settlement receipt did not include the FTE adjustment for fiscal year 2024. This amount is not material to the financial statements and were not included in the financial statements as an intergovernmental receivable as of June 30, 2024.

**C. Litigation**

There are currently no matters in litigation with the School District as defendant.

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net Pension Liability  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.01948900%	0.02052990%	0.02149200%	0.01951020%
School District's Proportionate Share of the Net Pension Liability	\$1,076,869	\$1,110,417	\$792,992	\$1,290,445
School District's Employee Payroll	\$771,450	\$709,343	\$744,936	\$675,757
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	139.59%	156.54%	106.45%	190.96%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%

Amounts presented as of the School District's measurement date which is prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2020	2019	2018	2017	2016	2015
0.01941680%	0.02143420%	0.01758930%	0.01880070%	0.01876960%	0.01941600%
\$1,161,741	\$1,227,576	\$1,050,922	\$1,376,038	\$1,071,011	\$982,632
\$672,933	\$680,785	\$579,850	\$587,879	\$563,892	\$525,649
172.64%	180.32%	181.24%	234.07%	189.93%	186.94%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net Pension Liability  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	2024	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.02113082%	0.02211101%	0.02274480%	0.02216462%
School District's Proportionate Share of the Net Pension Liability	\$4,550,508	\$4,915,306	\$2,908,128	\$5,363,050
School District's Employee Payroll	\$2,852,457	\$2,779,586	\$2,855,043	\$2,720,950
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	159.53%	176.84%	101.86%	197.10%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.00%	78.90%	87.80%	75.50%

Amounts presented as of the School District's measurement date which is prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2020	2019	2018	2017	2016	2015
0.02135610%	0.02133977%	0.02118739%	0.02168214%	0.02187640%	0.02127777%
\$4,722,773	\$4,692,136	\$5,033,109	\$7,257,665	\$6,045,998	\$5,175,490
\$2,489,714	\$2,474,143	\$2,285,179	\$2,341,921	\$2,278,550	\$2,182,146
189.69%	189.65%	220.25%	309.90%	265.34%	237.17%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net OPEB Liability  
School Employees Retirement System of Ohio  
Last Eight Fiscal Years (1)

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.02003590%	0.02101970%	0.02215860%	0.02034300%
School District's Proportionate Share of the Net OPEB Liability	\$330,080	\$295,119	\$419,371	\$442,122
School District's Employee Payroll	\$771,450	\$709,343	\$744,936	\$675,757
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	42.79%	41.60%	56.30%	65.43%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%

(1) Information prior to 2017 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

---

2020	2019	2018	2017
0.01992740%	0.02158190%	0.01779410%	0.01899120%
\$501,133	\$598,740	\$477,547	\$541,319
\$672,933	\$680,785	\$579,850	\$587,879
74.47%	87.95%	82.36%	92.08%
15.57%	13.57%	12.46%	11.49%

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)  
State Teachers Retirement System of Ohio  
Last Eight Fiscal Years (1)

	2024	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.02113082%	0.02211101%	0.02274480%	0.02216462%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$410,965)	(\$572,528)	(\$479,554)	(\$389,542)
School District's Employee Payroll	\$2,852,457	\$2,779,586	\$2,855,043	\$2,720,950
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-14.41%	-20.60%	-16.80%	-14.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.50%	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information



---

2020	2019	2018	2017
0.02135610%	0.02133977%	0.02118739%	0.02168214%
(\$353,709)	(\$342,909)	\$826,654	\$1,159,566
\$2,489,714	\$2,474,143	\$2,285,179	\$2,341,921
-14.21%	-13.86%	36.17%	49.51%
174.70%	176.00%	47.10%	37.30%

Holgate Local School District, Ohio  
Required Supplementary Information  
Schedule of the School District's Contributions  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$115,519	\$108,003	\$99,308	\$104,291
Contributions in Relation to the Contractually Required Contribution	<u>(115,519)</u>	<u>(108,003)</u>	<u>(99,308)</u>	<u>(104,291)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$825,136	\$771,450	\$709,343	\$744,936
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$14,069	\$14,548	\$13,869	\$14,223
Contributions in Relation to the Contractually Required Contribution	<u>(14,069)</u>	<u>(14,548)</u>	<u>(13,869)</u>	<u>(14,223)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	<u>1.71%</u>	<u>1.89%</u>	<u>1.96%</u>	<u>1.91%</u>
Total Contributions as a Percentage of Employee Payroll (2)	<u>15.71%</u>	<u>15.89%</u>	<u>15.96%</u>	<u>15.91%</u>

(1) The School District's covered payroll is the same for Pension and OPEB

(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

2020	2019	2018	2017	2016	2015
\$94,606	\$90,846	\$91,906	\$81,179	\$82,303	\$74,321
(94,606)	(90,846)	(91,906)	(81,179)	(82,303)	(74,321)
\$0	\$0	\$0	\$0	\$0	\$0
\$675,757	\$672,933	\$680,785	\$579,850	\$587,879	\$563,892
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$13,529	\$15,663	\$14,339	\$9,444	\$9,347	\$14,148
(13,529)	(15,663)	(14,339)	(9,444)	(9,347)	(14,148)
\$0	\$0	\$0	\$0	\$0	\$0
2.00%	2.33%	2.11%	1.63%	1.59%	2.51%
16.00%	15.83%	15.61%	15.63%	15.59%	15.69%

Holgate Local School District, Ohio  
Required Supplementary Information  
Schedule of the School District's Contributions  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	2024	2023	2022	2021
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$416,625	\$399,344	\$389,142	\$399,706
Contributions in Relation to the Contractually Required Contribution	<u>(416,625)</u>	<u>(399,344)</u>	<u>(389,142)</u>	<u>(399,706)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$2,975,893	\$2,852,457	\$2,779,586	\$2,855,043
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See Accompanying Notes to the Required Supplementary Information

2020	2019	2018	2017	2016	2015
\$380,933	\$348,560	\$346,380	\$319,925	\$327,869	\$318,997
(380,933)	(348,560)	(346,380)	(319,925)	(327,869)	(318,997)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,720,950	\$2,489,714	\$2,474,143	\$2,285,179	\$2,341,921	\$2,278,550
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
\$0	\$0	\$0	\$0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024

## **Net Pension Liability**

### **Changes in Benefit Terms/Assumptions - SERS**

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

### **Changes in Assumptions - STRS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Fiscal Years 2022 through 2024	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024

---

**Changes in Benefit Term - STRS Pension**

For 2024, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

**Net OPEB Liability**

**Changes in Assumptions - SERS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>2022</u>	<u>2021 and Prior</u>
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:	
Fiscal year 2024	3.86 percent
Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2024	4.27 percent
Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent



Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024

---

**Changes in Assumptions – STRS**

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. 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 discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

**Changes in Benefit Terms - STRS OPEB**

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2024

---

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

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

### **Highlights**

Highlights for fiscal year 2023 are as follows:

In total, net position increased \$118,053, or less than 1 percent, from the prior fiscal year.

General revenues accounted for 84 percent of total revenues and reflect the School District's significant dependence on property taxes, income taxes, and unrestricted state entitlements.

### **Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand Holgate Local School District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

Fund financial statements provide a greater 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 School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Holgate Local School District, the General Fund and the Bond Retirement debt service fund are the most significant funds.

### **Reporting the School District as a Whole**

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2023. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the School District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Nonfinancial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

In the statement of net position and the statement of activities, all of the School District's activities are reflected as governmental activities including instruction, support services, non-instructional services, and extracurricular activities.

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

Fund financial statements provide detailed information about the School District's major funds. While the School District uses many funds to account for its financial transactions, the fund financial statements focus on the School District's most significant funds. The School District's major funds are the General Fund and the Bond Retirement debt service fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year end for spending in future periods. These funds are reported using modified accrual accounting which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2023 and fiscal year 2022.

Table 1  
Net Position

	Governmental Activities		
	2023	2022	Change
<u>Assets:</u>			
Current and Other Assets	\$10,183,640	\$10,024,177	\$159,463
Net OPEB Asset	572,528	479,554	92,974
Capital Assets, Net	16,081,579	16,582,074	(500,495)
Total Assets	26,837,747	27,085,805	(248,058)

(continued)

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

Table 1  
Net Position  
(continued)

	Governmental Activities		
	2023	2022	Change
<u>Deferred Outflows of</u>			
<u>Resources:</u>			
Pension	\$1,547,035	\$1,672,190	(\$125,155)
OPEB	174,980	224,859	(49,879)
Total Deferred Outflows of Resources	<u>1,722,015</u>	<u>1,897,049</u>	<u>(175,034)</u>
<u>Liabilities:</u>			
Current and Other Liabilities	759,422	764,877	5,455
Long-Term Liabilities			
Pension	6,025,723	3,701,120	(2,324,603)
OPEB	295,119	419,371	124,252
Other Amounts	<u>2,542,844</u>	<u>2,882,189</u>	<u>339,345</u>
Total Liabilities	<u>9,623,108</u>	<u>7,767,557</u>	<u>(1,855,551)</u>
<u>Deferred Inflows of</u>			
<u>Resources:</u>			
Pension	674,677	2,958,194	2,283,517
OPEB	857,046	816,696	(40,350)
Other Amounts	<u>1,733,609</u>	<u>1,887,138</u>	<u>153,529</u>
Total Deferred Inflows of Resources	<u>3,265,332</u>	<u>5,662,028</u>	<u>2,396,696</u>
<u>Net Position:</u>			
Net Investment in Capital Assets	13,892,669	14,023,599	(130,930)
Restricted	1,457,362	1,276,688	180,674
Unrestricted	<u>321,291</u>	<u>252,982</u>	<u>68,309</u>
Total Net Position	<u>\$15,671,322</u>	<u>\$15,553,269</u>	<u>\$118,053</u>

The net pension liability and net OPEB liability (asset) reported by the School District at June 30, 2023, is reported pursuant to Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", respectively. For reasons discussed below, end users of these financial statements will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

GASB standards are national standards and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27) and postemployment benefits (GASB Statement No. 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 or net OPEB liability. GASB Statements No. 68 and No. 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 Statements No. 68 and No. 75 require the net pension liability and the net OPEB liability (asset) to equal the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service 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 School 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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution 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 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. vacation and sick 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 pension benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the School District. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB 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 Statements No. 68 and No. 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

Pension/OPEB related changes noted in the above table reflect an overall decrease in deferred outflows and deferred inflows related to pension/OPEB. The increase in the net OPEB asset and the net pension liability and the decrease in the OPEB liability represents the School District's proportionate share of the unfunded benefits. As indicated previously, changes in pension/OPEB benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension/OPEB liability (asset).

Aside from the changes related to pension/OPEB, there were few changes of note from the prior fiscal year. The increase in current and other assets was insignificant. The decrease in net capital assets is the result of annual depreciation. The decrease in current and other liabilities was primarily matured compensated absences payable and separation benefits payable for employees that retired during the prior fiscal year. Not however, there was an increase in unearned revenue for Ohio Facilities Construction Commission safety grant received but unspent at fiscal year end. The decrease in other long-term liabilities represents scheduled debt retirement.

Table 2 reflects the change in net position for fiscal year 2023 and fiscal year 2022.

Table 2  
Change in Net Position

	Governmental Activities		
	2023	2022	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$423,445	\$330,200	\$93,245
Operating Grants and Contributions	905,726	1,255,037	(349,311)
Total Program Revenues	1,329,171	1,585,237	(256,066)
General Revenues			
Property Taxes	2,292,069	2,259,822	32,247
Income Taxes	1,084,577	1,025,634	58,943
Grants and Entitlements	3,310,786	3,365,107	(54,321)
Investment Earnings and Other Interest	123,500	1,164	122,336
Gifts and Donations	1,150	1,000	150
Miscellaneous	11,817	67,273	(55,456)
Total General Revenues	6,823,899	6,720,000	103,899
Total Revenues	8,153,070	8,305,237	(152,167)

(continued)

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

Table 2  
Change in Net Position  
(continued)

	Governmental Activities		
	2023	2022	Change
<u>Expenses</u>			
Instruction:			
Regular	\$3,367,484	\$3,220,854	(\$146,630)
Special	950,237	878,498	(71,739)
Vocational	230,491	205,030	(25,461)
Support Services:			
Pupils	358,664	362,618	3,954
Instructional Staff	161,388	153,763	(7,625)
Board of Education	13,255	14,352	1,097
Administration	652,747	631,833	(20,914)
Fiscal	315,143	287,042	(28,101)
Business	42,331	4,778	(37,553)
Operation and Maintenance of Plant	688,914	602,438	(86,476)
Pupil Transportation	236,212	235,786	(426)
Central	252,114	223,813	(28,301)
Non-Instructional Services	250,317	231,197	(19,120)
Extracurricular Activities	390,979	342,669	(48,310)
Interest	124,741	146,497	21,756
Total Expenses	<u>8,035,017</u>	<u>7,541,168</u>	<u>(493,849)</u>
Increase (Decrease) in Net Position	118,053	764,069	(646,016)
Net Position Beginning of Year	<u>15,553,269</u>	<u>14,789,200</u>	<u>764,069</u>
Net Position End of Year	<u>\$15,671,322</u>	<u>\$15,553,269</u>	<u>\$118,053</u>

Total revenues decreased approximately 2 percent, not a significant change. Changes for program revenues consisted of a increase in charges for services, largely due to the increase cafeteria sales and a decrease in operating grants and contributions primarily from a decrease in COVID relief resources. The increase in general revenues was primarily due to interest revenue resulting from the increase in the fair value of investments held at fiscal year end.

The overall increase in expenses can be attributed to the significant increase in the pension expense.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.



Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction:				
Regular	\$3,367,484	\$3,220,854	\$3,159,629	\$2,778,754
Special	950,237	878,498	566,282	503,685
Vocational	230,491	205,030	184,070	160,539
Support Services:				
Pupils	358,664	362,618	182,868	209,412
Instructional Staff	161,388	153,763	161,388	153,763
Board of Education	13,255	14,352	13,255	14,352
Administration	652,747	631,833	652,747	624,853
Fiscal	315,143	287,042	315,143	287,042
Business	42,331	4,778	33,045	4,778
Operation and Maintenance of Plant	688,914	602,438	607,492	527,237
Pupil Transportation	236,212	235,786	236,212	229,484
Central	252,114	223,813	236,809	220,213
Non-Instructional Services	250,317	231,197	(3,167)	(135,000)
Extracurricular Activities	390,979	342,669	235,332	230,322
Interest	124,741	146,497	124,741	146,497
Total Expenses	<u>\$8,035,017</u>	<u>\$7,541,168</u>	<u>\$6,705,846</u>	<u>\$5,955,931</u>

With the substantial contribution of general revenues for funding the School District's activities, only a limited number of activities are affected by program revenues. Instruction costs are partially offset by tuition and fees and grants restricted for various instruction purposes. Non-instructional services costs are supported by cafeteria sales, state and federal subsidies, and donated commodities for food service operations. Extracurricular activities costs are supported by music and athletic fees, ticket sales, and gate receipts at musical and athletic events.

### **The School District's Funds**

The School District's governmental funds are accounted for using the modified accrual basis of accounting.

Fund balance increased a little over 1 percent in the General Fund, not a significant change.

Fund balance decreased approximately 3 percent in the Bond Retirement Fund as debt service requirements exceeded property tax and related revenue for debt payments.

Holgate Local School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
Unaudited

---

**General Fund Budgeting Highlights**

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

During fiscal year 2023, the School District amended its General Fund budget as needed. For revenues, changes from the original budget to the final budget as well as from the final budget to actual revenues were not significant. For expenditures, the decrease from the original budget to the final budget was largely related to instruction costs. Changes from the final budget to actual expenditures were not significant.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2023, the School District had \$16,081,579 invested in capital assets (net of accumulated depreciation). Additions included miscellaneous land improvements, equipment, and a bus. Disposals included a bus and miscellaneous equipment. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

**Debt**

The School District's outstanding debt at fiscal year end included long-term loans, in the amount of \$1,122,000, and general obligation bonds, in the amount of \$480,000. The School District's long-term obligations also include the net pension/OPEB liability, compensated absences, and financed purchases. For further information regarding the School District's long-term obligations, refer to Note 15 to the basic financial statements.

**Current Issues**

While the School District's current five-year forecast reflects positive balances for fiscal years 2024 through 2027, the School District will be deficit spending beginning in fiscal year 2025.

The School District's current contract with the teachers' union will expire August 31, 2024.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kent Seemann, Treasurer, Holgate Local School District, 801 East Joe E. Brown Avenue, Holgate, Ohio 43527.

Holgate Local School District  
Statement of Net Position  
June 30, 2023

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$7,276,052
Accounts Receivable	3,929
Accrued Interest Receivable	70,314
Intergovernmental Receivable	40,331
Prepaid Items	83,405
Inventory Held for Resale	2,328
Materials and Supplies Inventory	10,018
Property Taxes Receivable	2,260,006
Income Taxes Receivable	437,257
Net OPEB Asset	572,528
Nondepreciable Capital Assets	448,987
Depreciable Capital Assets, Net	15,632,592
Total Assets	<u>26,837,747</u>
<u>Deferred Outflows of Resources:</u>	
Pension	1,547,035
OPEB	174,980
Total Deferred Outflows of Resources	<u>1,722,015</u>
<u>Liabilities:</u>	
Accounts Payable	3,102
Accrued Wages and Benefits Payable	559,540
Unearned Revenue	83,142
Intergovernmental Payable	107,679
Accrued Interest Payable	5,959
Long-Term Liabilities:	
Due Within One Year	395,227
Due in More Than One Year	
Net Pension Liability	6,025,723
Net OPEB Liability	295,119
Other Amounts Due in More Than One Year	2,147,617
Total Liabilities	<u>9,623,108</u>
<u>Deferred Inflows of Resources:</u>	
Property Taxes Receivable	1,733,609
Pension	674,677
OPEB	857,046
Total Deferred Inflows of Resources	<u>3,265,332</u>
<u>Net Position:</u>	
Net Investment in Capital Assets	13,892,669
Restricted For:	
Debt Service	625,074
Capital Projects	274,725
OPEB Plans	122,790
Other Purposes	434,773
Unrestricted	321,291
Total Net Position	<u>\$15,671,322</u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023

	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
<u>Governmental Activities:</u>			
Instruction:			
Regular	\$3,367,484	\$120,888	\$86,967
Special	950,237	0	383,955
Vocational	230,491	0	46,421
Support Services:			
Pupils	358,664	12,049	163,747
Instructional Staff	161,388	0	0
Board of Education	13,255	0	0
Administration	652,747	0	0
Fiscal	315,143	0	0
Business	42,331	0	9,286
Operation and Maintenance of Plant	688,914	0	81,422
Pupil Transportation	236,212	0	0
Central	252,114	0	15,305
Non-Instructional Services	250,317	134,861	118,623
Extracurricular Activities	390,979	155,647	0
Interest	124,741	0	0
Total Governmental Activities	<u>\$8,035,017</u>	<u>\$423,445</u>	<u>\$905,726</u>

General Revenues:

Property Taxes Levied for General Purposes  
Property Taxes Levied for Classroom Facilities Purposes  
Property Taxes Levied for Debt Service Purposes  
Property Taxes Levied for Permanent Improvements  
Income Taxes  
Grants and Entitlements not Restricted to Specific Programs  
Investment Earnings and Other Interest  
Gifts and Donations  
Miscellaneous  
Total General Revenues

Change in Net Position

Net Position at Beginning of Year  
Net Position at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue  
and Change in  
Net Position

---

Governmental  
Activities

---

(\$3,159,629)
(566,282)
(184,070)
(182,868)
(161,388)
(13,255)
(652,747)
(315,143)
(33,045)
(607,492)
(236,212)
(236,809)
3,167
(235,332)
(124,741)
<hr/> (6,705,846) <hr/>

1,837,431
24,081
345,504
85,053
1,084,577
3,310,786
123,500
1,150
11,817
<hr/> 6,823,899 <hr/>

118,053
15,553,269
<hr/> \$15,671,322 <hr/>

Holgate Local School District  
Balance Sheet  
Governmental Funds  
June 30, 2023

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,015,200	\$553,534	\$707,318	\$7,276,052
Accounts Receivable	3,929	0	0	3,929
Accrued Interest Receivable	70,314	0	0	70,314
Intergovernmental Receivable	40,331	0	0	40,331
Prepaid Items	3,135	0	80,270	83,405
Inventory Held for Resale	0	0	2,328	2,328
Materials and Supplies Inventory	8,873	0	1,145	10,018
Property Taxes Receivable	1,839,942	318,143	101,921	2,260,006
Income Taxes Receivable	437,257	0	0	437,257
Total Assets	<u>\$8,418,981</u>	<u>\$871,677</u>	<u>\$892,982</u>	<u>\$10,183,640</u>
<u>Liabilities:</u>				
Accounts Payable	\$2,778	\$0	\$324	\$3,102
Accrued Wages and Benefits Payable	549,429	0	10,111	559,540
Unearned Revenue	0	0	83,142	83,142
Intergovernmental Payable	101,070	0	6,609	107,679
Total Liabilities	<u>653,277</u>	<u>0</u>	<u>100,186</u>	<u>753,463</u>
<u>Deferred Inflows of Resources:</u>				
Property Taxes Receivable	1,418,378	240,644	74,587	1,733,609
Unavailable Revenue	289,254	29,204	13,288	331,746
Total Deferred Inflows of Resources	<u>1,707,632</u>	<u>269,848</u>	<u>87,875</u>	<u>2,065,355</u>
<u>Fund Balances:</u>				
Nonspendable	12,008	0	81,415	93,423
Restricted	0	601,829	623,506	1,225,335
Assigned	370,537	0	0	370,537
Unassigned	5,675,527	0	0	5,675,527
Total Fund Balances	<u>6,058,072</u>	<u>601,829</u>	<u>704,921</u>	<u>7,364,822</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$8,418,981</u>	<u>\$871,677</u>	<u>\$892,982</u>	<u>\$10,183,640</u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2023

Total Governmental Fund Balances	\$7,364,822
----------------------------------	-------------

Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	16,081,579
---	------------

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	2,567	
Accrued Interest Receivable	40,055	
Delinquent Property Taxes Receivable	212,187	
Income Taxes Receivable	76,937	
		331,746

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued Interest Payable	(5,959)	
Loans Payable	(1,122,000)	
General Obligation Bonds Payable	(480,000)	
Compensated Absences Payable	(353,934)	
Financed Purchase Payable	(586,910)	
		(2,548,803)

The net OPEB asset, net pension liability, and net OPEB liability are not due and payable in the current period, therefore, the asset, liability, and related deferred outflows/inflows are not reported in the governmental funds.

Net OPEB Asset	572,528	
Deferred Outflows - Pension	1,547,035	
Deferred Inflows - Pension	(674,677)	
Net Pension Liability	(6,025,723)	
Deferred Outflows - OPEB	174,980	
Deferred Inflows - OPEB	(857,046)	
Net OPEB Liability	(295,119)	
		(5,558,022)

Net Position of Governmental Activities	<u><u>\$15,671,322</u></u>
---	----------------------------

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2023

	General	Bond Retirement	Other Governmental	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$1,706,986	\$323,958	\$97,766	\$2,128,710
Income Taxes	1,071,490	0	0	1,071,490
Intergovernmental	3,611,854	45,627	559,031	4,216,512
Investment Earnings and Other Interest	84,772	0	340	85,112
Tuition and Fees	120,486	0	12,049	132,535
Charges for Services	0	0	134,861	134,861
Extracurricular Activities	0	0	155,647	155,647
Gifts and Donations	1,150	0	0	1,150
Miscellaneous	11,817	0	0	11,817
Total Revenues	<u>6,608,555</u>	<u>369,585</u>	<u>959,694</u>	<u>7,937,834</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,898,214	0	87,852	2,986,066
Special	701,997	0	217,874	919,871
Vocational	199,086	0	0	199,086
Support Services:				
Pupils	343,386	0	869	344,255
Instructional Staff	129,782	0	3,912	133,694
Board of Education	13,255	0	0	13,255
Administration	659,779	0	0	659,779
Fiscal	289,561	13,613	3,091	306,265
Business	33,045	0	9,286	42,331
Operation and Maintenance of Plant	517,707	0	86,874	604,581
Pupil Transportation	189,369	0	99,622	288,991
Central	249,253	0	15,306	264,559
Non-Instructional Services	0	0	239,318	239,318
Extracurricular Activities	187,303	0	152,463	339,766
Debt Service:				
Principal Retirement	72,565	297,000	0	369,565
Interest	46,123	80,040	0	126,163
Total Expenditures	<u>6,530,425</u>	<u>390,653</u>	<u>916,467</u>	<u>7,837,545</u>
Excess of Revenues Over (Under) Expenditures	78,130	(21,068)	43,227	100,289
<u>Other Financing Sources:</u>				
Proceeds from Sale of Capital Assets	<u>0</u>	<u>0</u>	<u>1,500</u>	<u>1,500</u>
Net Change in Fund Balance	78,130	(21,068)	44,727	101,789
Fund Balances at Beginning of Year	5,979,942	622,897	660,194	7,263,033
Fund Balances at End of Year	<u>\$6,058,072</u>	<u>\$601,829</u>	<u>\$704,921</u>	<u>\$7,364,822</u>

See Accompanying Notes to the Basic Financial Statements



Holgate Local School District  
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to Statement of Activities  
For the Fiscal Year Ended June 30, 2023

Changes in Fund Balances - Total Governmental Funds \$101,789

Amounts reported for governmental activities on the  
statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However,  
on the statement of activities, the cost of those assets is allocated over  
their estimated useful lives as depreciation expense. This is the amount  
by which depreciation exceeded capital outlay in the current fiscal year.

Capital Outlay - Depreciable Capital Assets	214,889	
Depreciation	<u>(707,213)</u>	(492,324)

The proceeds from the sale of capital assets are reported as other  
financing sources in the governmental funds. However, the cost of the  
capital assets is removed from the capital account on the statement of  
net position and is offset against the proceeds from the sale of capital  
assets resulting in a loss on disposal of capital assets on the statement  
of activities.

Proceeds from Sale of Capital Assets	(1,500)	
Loss on Disposal of Capital Assets	<u>(6,671)</u>	(8,171)

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

Delinquent Property Taxes	163,359	
Income Taxes	13,087	
Investment Earnings and Other Interest	38,388	
Tuition and Fees	<u>402</u>	215,236

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

Loans Payable	67,000	
Government Obligation Bonds	230,000	
Financed Purchase Payable	<u>72,565</u>	369,565

Interest is reported as an expenditure when due in governmental funds  
but is accrued on outstanding debt on the statement of net position. 1,422

Compensated absences reported on the statement of activities do not  
require the use of current financial resources and, therefore,  
are not reported as expenditures in governmental funds. (30,220)

Except for amounts reported as deferred outflows/inflows, changes  
in the net pension/OPEB liability are reported as pension/OPEB  
expense on the statement of activities.

Pension	(673,588)	
OPEB	<u>112,449</u>	(561,139)

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

Pension	507,347	
OPEB	<u>14,548</u>	521,895

Change in Net Position of Governmental Activities	<u><u>\$118,053</u></u>
---	-------------------------

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Revenues:</u>				
Property Taxes	\$1,752,685	\$1,676,205	\$1,676,205	\$0
Income Taxes	972,500	1,074,516	1,074,516	0
Intergovernmental	3,633,142	3,567,187	3,572,003	4,816
Interest	12,000	51,140	54,761	3,621
Tuition and Fees	125,511	119,840	119,840	0
Extracurricular Activities	2,000	0	0	0
Gifts and Donations	1,000	1,150	1,150	0
Miscellaneous	65,662	42,763	42,763	0
Total Revenues	<u>6,564,500</u>	<u>6,532,801</u>	<u>6,541,238</u>	<u>8,437</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,135,043	2,965,671	2,962,289	3,382
Special	675,594	711,379	711,379	0
Vocational	204,457	198,030	197,952	78
Support Services:				
Pupils	344,337	342,049	342,049	0
Instructional Staff	110,397	129,426	129,426	0
Board of Education	17,061	13,208	13,208	0
Administration	678,655	656,773	656,773	0
Fiscal	284,453	291,457	291,457	0
Business	33,700	32,942	32,942	0
Operation and Maintenance of Plant	650,245	634,163	634,163	0
Pupil Transportation	214,880	194,613	194,613	0
Central	235,181	257,294	257,294	0
Extracurricular Activities	186,274	188,536	188,536	0
Total Expenditures	<u>6,770,277</u>	<u>6,615,541</u>	<u>6,612,081</u>	<u>3,460</u>
Excess of Revenues (Under) Expenditures	<u>(205,777)</u>	<u>(82,740)</u>	<u>(70,843)</u>	<u>11,897</u>
Fund Balance at Beginning of Year	6,061,369	6,061,369	6,061,369	0
Prior Year Encumbrances Appropriated	<u>19,351</u>	<u>19,351</u>	<u>19,351</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$5,874,943</u></u>	<u><u>\$5,997,980</u></u>	<u><u>\$6,009,877</u></u>	<u><u>\$11,897</u></u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Statement of Fiduciary Net Position  
Private Purpose Trust Fund  
June 30, 2023

	Private Purpose Trust
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$121,000</u>
<u>Net Position:</u>	
Held in Trust for Scholarships	<u>\$121,000</u>
See Accompanying Notes to the Basic Financial Statements	

Holgate Local School District  
Statement of Change in Fiduciary Net Position  
Private Purpose Trust Fund  
For the Fiscal Year Ended June 30, 2023

	<u>Private Purpose Trust</u>
<u>Additions:</u>	
Investment Earnings and Other Interest	\$362
<u>Deductions:</u>	
Non-Instructional Services	<u>550</u>
Change in Net Position	(188)
Net Position at Beginning of Year	<u>121,188</u>
Net Position at End of Year	<u><u>\$121,000</u></u>

See Accompanying Notes to the Basic Financial Statements

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 1 - Description of the School District and Reporting Entity**

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

The School District was established in 1892. The School District serves an area of approximately fifty-four square miles. It is located in Henry County and includes all of the Village of Holgate and portions of Flatrock, Marion, Monroe, and Pleasant Townships. It is staffed by twenty classified employees, thirty-seven certified teaching personnel, and five administrative employees who provide services to four hundred fourteen students and other community members. The School District currently operates one instructional building.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Holgate Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the School District. There are no component units of the Holgate Local School District.

The School District participates in three jointly governed organizations, three insurance pools, and is associated with a related organization. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Schools of Ohio Risk Sharing Authority, the Northern Buckeye Health Plan, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, and the Holgate Community Library. These organizations are presented in Notes 18, 19, and 20 to the basic financial statements.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

**Fund Financial Statements**

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**B. Fund Accounting**

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

**Governmental Funds**

Governmental funds are those through which most governmental functions of the School District 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 liabilities and deferred inflows of resources is reported as fund balance. The School District's two major funds are the General Fund and the Bond Retirement debt service fund.

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

**Bond Retirement Fund** - The Bond Retirement Fund is used to account for property taxes restricted for the payment of principal, interest, and related costs on general obligation debt.

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's private purpose trust fund accounts for college scholarships for students after graduation.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**C. Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, fiduciary funds are accounted for using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from fiduciary funds.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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 School District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, investment earnings and other interest, tuition, student fees, and charges for services.

Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met but for which revenue recognition criteria have not yet been met because these amounts have not yet been earned.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13 to the basic financial statements.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources consists of property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as deferred inflows 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 School District, unavailable revenue includes accrued investment earnings and other interest, delinquent property taxes, and income taxes. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 12 and 13).

**Expenses/Expenditures**

On the accrual basis, expenses are recognized at the time they are incurred.

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

**E. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level in all other funds. Budgetary allocations at the function level in the General Fund and at the function and object level within all other funds are made by the School District Treasurer.

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

**F. Cash and Investments**

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

During fiscal year 2023, investments include mutual funds and negotiable certificates of deposit and non-negotiable certificates of deposit. Investments are reported at fair value, which is based on quoted market price or current share price with the exception of non-negotiable certificates of deposit, which are reported at cost.

The Board of Education allocates interest according to State statute. Investment earnings and other interest revenue credited to the General Fund during fiscal year 2023 was \$84,772, which included \$15,265 assigned from other School District funds.

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

**G. Prepaid Items**

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

**H. Inventory**

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of administrative supplies and donated and purchased food.

**I. Capital Assets**

All of the School District’s capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School District maintains a capitalization threshold of one thousand dollars. 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 capitalized.

All 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	Useful Lives
Land Improvements	20 - 40 years
Buildings and Building Improvements	20 - 75 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	15 years

**J. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service.

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

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

**L. Net Position**

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**M. Fund Balance**

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by the Board of Education. The Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. The Board of Education has also fund balance to cover a gap between estimated resources and appropriations in the fiscal year 2024 budget. Certain resources have been assigned for certain educational or extracurricular activities.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The School District first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**N. Interfund Transactions**

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments made for interfund services provided and used are not eliminated.

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

**O. Pension/Postemployment Benefits**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, 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 systems. 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 systems report investments at fair value.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 2 - Summary of Significant Accounting Policies** (continued)

**P. Estimates**

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

**Note 3 - Change in Accounting Principles**

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, "Conduit Debt Obligations", Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", GASB Statement No. 96, "Subscription-Based Information Technology Arrangements", and GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extending by issuers and arrangements associated with conduit debt obligations; and improving required note disclosure. The School District did not have any debt that met the definition of conduit debt.

GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any contracts that met the GASB Statement No. 96 definition of a SBITA.

GASB Statement No. 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

**Note 4 - Budgetary Basis of Accounting**

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



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 4 - Budgetary Basis of Accounting** (continued)

The major differences between the budget basis and the GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).

The adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund are as follows:

<u>Change in Fund Balance</u>	
GAAP Basis	\$78,130
<u>Increase(Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2022, Received in Cash FY 2023	617,695
Accrued FY 2023, Not Yet Received in Cash	(684,141)
Expenditure Accruals:	
Accrued FY 2022, Paid in Cash FY 2023	(719,743)
Accrued GY2023, Not Yet Paid in Cash	653,277
Cash Adjustments:	
Unrecorded Activity FY 2022	(10,204)
Unrecorded Activity FY 2023	9,333
Prepaid Items	(118)
Material and Supplies Inventory	(416)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(14,656)</u>
Budget Basis	<u><u>(\$70,843)</u></u>



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 5 - Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by eligible securities pledged by the financial institution as security for repayment.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 5 - Deposits and Investments** (continued)

7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time (if training requirements have been met).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Investments**

Investments are reported at fair value. As of June 30, 2023, the School District had the following investments:

<u>Measurement/Investment</u>	<u>Amount</u>	<u>Maturity</u>
Fair Value - Level One Inputs		
Mutual Funds	\$23,339	27 days
Fair Value - Level Two Inputs		
Negotiable Certificates of Deposit	229,763	7/14/2023
Negotiable Certificates of Deposit	249,643	7/21/2023
Negotiable Certificates of Deposit	244,535	7/27/2023
Negotiable Certificates of Deposit	247,107	7/28/2023
Negotiable Certificates of Deposit	239,354	8/10/2023
Negotiable Certificates of Deposit	239,314	8/11/2023
Negotiable Certificates of Deposit	239,222	11/8/2023
Negotiable Certificates of Deposit	239,222	11/8/2023
Negotiable Certificates of Deposit	244,267	11/24/2023
Negotiable Certificates of Deposit	244,248	11/28/2023
Negotiable Certificates of Deposit	120,460	2/15/2024
Negotiable Certificates of Deposit	174,253	2/22/2024
Negotiable Certificates of Deposit	236,960	2/28/2024
Negotiable Certificates of Deposit	249,360	3/28/2024
Negotiable Certificates of Deposit	242,959	4/5/2024
Total Investments	<u>\$ 3,464,006</u>	

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 5 - Deposits and Investments** (continued)

The School District has categorized 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. The above chart identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investment in mutual funds measured at fair value is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the School District.

The mutual funds carry a rating of AAA by Moody's. The negotiable certificates of deposit are covered by FDIC and/or SIPC insurance. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that no-load money market mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

The School District places no limit on the amount it may invest in any one issuer or investment type. The following table indicates the percentage of investments to the School District's total portfolio:

	Fair Value	Percentage of Portfolio
Negotiable Certificates of Deposit	\$3,440,667	99.3%

**Note 6 - Receivables**

Receivables at June 30, 2023, consisted of accounts (student fees and billings for user charged services), accrued interest, intergovernmental, property taxes, and income taxes. 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. All receivables, except property taxes and income taxes, are expected to be collected within one year. Property taxes and income taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 6 - Receivables** (continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
Governmental Activities	
General Fund	
State of Ohio, Department of Transportation	\$480
State of Ohio, Medicaid	39,851
Total Governmental Activities	<u>\$40,331</u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Henry County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of June 30, 2023, and for which there was 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 reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 7 - Property Taxes** (continued)

The amount available as an advance at June 30, 2023, was \$251,869 in the General Fund, \$3,157 in the Classroom Maintenance special revenue fund, \$48,166 in the Bond Retirement debt service fund, and \$10,826 in the Permanent Improvements capital projects fund. The amount available as an advance at June 30, 2022, was \$221,088 in the General Fund, \$2,632 in the Classroom Maintenance special revenue fund, \$43,067 in the Bond Retirement debt service fund, and \$8,695 in the Permanent Improvements capital projects fund.

On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue. On a modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$55,476,030	70.20%	\$55,669,240	67.62%
Industrial/Commercial	3,070,120	3.89%	3,065,980	3.72%
Public Utility	20,475,920	25.91%	23,599,740	28.66%
Total Assessed Value	<u>\$79,022,070</u>	<u>100.00%</u>	<u>\$82,334,960</u>	<u>100.00%</u>
Tax Rate per \$1,000 of assessed valuation	\$37.86		\$37.86	

**Note 8 - Income Taxes**

The School District levies a voted tax of 1.5 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 9 - Capital Assets**

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

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$448,987	\$0	\$0	\$448,987
Depreciable Capital Assets				
Land Improvements	2,152,184	4,862	0	2,157,046
Buildings and Improvements	21,197,368	0	0	21,197,368
Furniture, Fixtures, and Equipment	1,520,370	110,405	(79,673)	1,551,102
Vehicles	858,965	99,622	(67,600)	890,987
Total Depreciable Capital Assets	25,728,887	214,889	(147,273)	25,796,503
Less Accumulated Depreciation				
Land Improvements	(1,478,860)	(97,872)	0	(1,576,732)
Buildings and Improvements	(6,669,476)	(478,447)	0	(7,147,923)
Furniture, Fixtures, and Equipment	(957,740)	(77,029)	75,258	(959,511)
Vehicles	(489,724)	(53,865)	63,844	(479,745)
Total Accumulated Depreciation	(9,595,800)	(707,213)	139,102	(10,163,911)
Total Depreciable Capital Assets, Net	16,133,087	(492,324)	(8,171)	15,632,592
Governmental Activities Capital Assets, Net	\$16,582,074	(\$492,324)	(\$8,171)	\$16,081,579

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 9 - Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

	<u>Depreciation</u>
Instruction:	
Regular	\$319,155
Special	27,346
Vocational	26,951
Support Services:	
Pupils	9,239
Instructional Staff	22,172
Administration	24,037
Fiscal	13,949
Operation & Maintenance of Plant	133,777
Pupil Transportation	54,961
Central	559
Non Instructional Services	24,940
Extracurricular Activities	50,127
Total Depreciation Expense	<u>\$707,213</u>

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted for the following insurance coverage.

Coverage provided through Schools of Ohio Risk Sharing Authority is as follows:

General Liability	
Per Occurrence	\$ 15,000,000
Total per Year	17,000,000
Vehicle Liability	15,000,000
Building and Contents	350,000,000

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

For fiscal year 2023, the School District participated in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool. Each participant enters into an individual agreement with the SORSA for insurance coverage and pays annual premiums to the SORSA based on the types and limits of coverage and deductibles selected by the participant.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 10 - Risk Management** (continued)

The School District participates in the Northern Buckeye Health Plan (Plan), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees including medical, dental, vision, and life insurance. The Northern Buckeye Education Council is responsible for the management and operations of the Plan. The agreement for the Plan provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Plan, a participant is responsible for any claims not processed and paid and any related administrative costs.

For fiscal year 2023, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**Note 11 - Contractual Commitments**

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2024 are as follows:

General Fund	\$14,656
Other Governmental Funds	58,133
Total	<u>\$72,789</u>

**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 represent liabilities to employees for pensions and OPEB, respectively. Pensions/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.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 12 - Defined Benefit Pension Plans** (continued)

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

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the School 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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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](http://www.ohsers.org) under Employers/Audit Resources.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**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 on or 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 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 percent for the first thirty years of service and 2.5 percent 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent 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 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$108,003 for fiscal year 2023. Of this amount \$22,556 is reported as an intergovernmental payable.

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

Plan Description - School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 Web site at [www.strsoh.org](http://www.strsoh.org).

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 12 - Defined Benefit Pension Plans** (continued)

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent 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 percent upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent 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 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent 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 at age fifty 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.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 12 - Defined Benefit Pension Plans** (continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit 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 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$399,344 for fiscal year 2023. Of this amount \$56,982 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02052990%	0.022111010%	
Prior Measurement Date	<u>0.02149200%</u>	<u>0.022744800%</u>	
Change in Proportionate Share	<u>-0.00096210%</u>	<u>-0.000633790%</u>	
 Proportionate Share of the Net			
Pension Liability	\$1,110,417	\$4,915,306	\$6,025,723
Pension Expense	\$84,333	\$589,255	\$673,588

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 12 - Defined Benefit Pension Plans** (continued)

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$44,973	\$62,922	\$107,895
Changes of assumptions	10,957	588,215	599,172
Net difference between projected and actual earnings on pension plan investments	0	171,042	171,042
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	27,976	133,603	161,579
School District contributions subsequent to the measurement date	108,003	399,344	507,347
Total Deferred Outflows of Resources	<u>\$191,909</u>	<u>\$1,355,126</u>	<u>\$1,547,035</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$7,290	\$18,803	\$26,093
Changes of assumptions	0	442,756	\$442,756
Net difference between projected and actual earnings on pension plan investments	38,748	0	38,748
Changes in proportionate share and Difference between School District contributions and proportionate share of contributions	41,320	125,760	167,080
Total Deferred Inflows of Resources	<u>\$87,358</u>	<u>\$587,319</u>	<u>\$674,677</u>

\$507,347 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$11,594	\$24,431	\$36,025
2025	(24,087)	(2,181)	(26,268)
2026	(55,352)	(152,280)	(207,632)
2027	64,393	498,493	562,886
Total	<u>(\$3,452)</u>	<u>\$368,463</u>	<u>\$365,011</u>

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 12 - Defined Benefit Pension Plans** (continued)

**Actuarial Assumptions - SERS**

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

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

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

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

	<u>June 30, 2022</u>
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 12 - Defined Benefit Pension Plans** (continued)

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

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

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

**Discount Rate** The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. 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 percent). 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 School 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 percent, 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 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$1,634,480	\$1,110,417	\$668,900



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 12 - Defined Benefit Pension Plans** (continued)

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	<u>June 30, 2022</u>
Inflation	2.50 percent
Salary increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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:



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 12 - Defined Benefit Pension Plans** (continued)

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

\* Target allocation percentage is effective July 1, 2022.

Target weights were phased in over a 3 month period concluding on October 1, 2022

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$7,425,237	\$4,915,306	\$2,792,680

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 12 - Defined Benefit Pension Plans** (continued)

**Social Security**

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2023, none of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 13 - Defined Benefit OPEB Plans**

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

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

Health Care Plan Description - The School 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 13 - Defined Benefit OPEB Plans** (continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$14,548.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$14,548 for fiscal year 2023. Of this amount \$14,548 is reported as an intergovernmental payable.

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

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients 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 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

**OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 13 - Defined Benefit OPEB Plans** (continued)

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.02101970%	0.022111010%	
Prior Measurement Date	0.02215860%	0.022744800%	
Change in Proportionate Share	<u>-0.00113890%</u>	<u>-0.000633790%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$295,119	\$0	\$295,119
Net OPEB Asset	\$0	\$572,528	\$572,528
OPEB Expense	(\$6,494)	(\$105,955)	(\$112,449)

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

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$2,480	\$8,300	\$10,780
Changes of assumptions	46,943	24,387	71,330
Net difference between projected and actual earnings on OPEB plan investments	1,534	9,966	11,500
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	63,474	3,348	66,822
School District contributions subsequent to the measurement date	<u>14,548</u>	<u>0</u>	<u>14,548</u>
Total Deferred Outflows of Resources	<u>\$128,979</u>	<u>\$46,001</u>	<u>\$174,980</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$188,780	\$85,983	\$274,763
Changes of assumptions	121,148	405,977	527,125
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>51,379</u>	<u>3,779</u>	<u>55,158</u>
Total Deferred Inflows of Resources	<u>\$361,307</u>	<u>\$495,739</u>	<u>\$857,046</u>

\$14,548 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 13 - Defined Benefit OPEB Plans** (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	(\$45,690)	(\$134,094)	(\$179,784)
2025	(54,800)	(128,317)	(183,117)
2026	(50,449)	(61,102)	(111,551)
2027	(29,246)	(25,261)	(54,507)
2028	(22,579)	(33,337)	(55,916)
Thereafter	(44,112)	(67,627)	(111,739)
Total	<u>(\$246,876)</u>	<u>(\$449,738)</u>	<u>(\$696,614)</u>

**Actuarial Assumptions - SERS**

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

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

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

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 13 - Defined Benefit OPEB Plans** (continued)

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation	
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**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 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, 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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

**Sensitivity of the School 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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 13 - Defined Benefit OPEB Plans** (continued)

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$366,542	\$295,119	\$237,461

  

	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$227,590	\$295,119	\$383,323

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

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



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

**Note 13 - Defined Benefit OPEB Plans** (continued)

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent 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 Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, 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 percent) or one percentage point higher (8.00 percent) 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	\$529,787	\$572,528	\$609,567
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$593,850	\$572,528	\$545,613

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 14 - Other Employee Benefits**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators earn ten to thirty days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred twenty days for certified employees and two hundred days for classified employees. Upon retirement, payment is made for one-fourth of accrued but unused sick leave credit to a maximum of fifty-five days for certified employees and fifty days for classified employees.

**B. Health Care Benefits**

The School District provides medical, dental, and vision insurance to most employees through the Northern Buckeye Health Plan, and life insurance through American United Life.

**Note 15 - Long-Term Obligations**

Changes in the School District's long-term obligations during fiscal year 2023 were as follows:

	Balance at 6/30/2022	Additions	Reductions	Balance at 6/30/2023	Amounts Due Within One Year
Governmental Activities					
General Obligation Debt from Direct Placement					
FY06 Loan Payable 5.06%	\$1,189,000	\$0	(\$67,000)	\$1,122,000	\$71,000
General Obligation Bonds from Direct Placement					
FY12 School Facilities Construction and Improvement Refunding Bonds					
Term Bonds 3%	485,000	0	(5,000)	480,000	230,000
General Obligation Bonds					
FY02 School Facilities Construction and Improvement Bonds					
Term bonds 4.9-6%	225,000	0	(225,000)	0	0
Total General Obligation Bonds	710,000	0	(230,000)	480,000	230,000

(continued)

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 15 - Long-Term Obligations** (continued)

	Balance at 6/30/2022	Additions	Reductions	Balance at 6/30/2023	Amounts Due Within One Year
Governmental Activities					
Net Pension Liability					
SERS	\$792,992	\$317,425	\$0	\$1,110,417	\$0
STRS	2,908,128	2,007,178	0	4,915,306	0
Total Net Pension Liability	3,701,120	2,324,603	0	6,025,723	0
Net OPEB Liability					
SERS	419,371	0	(124,252)	295,119	0
Compensated Absences	323,714	55,455	(25,235)	353,934	16,137
Finance Purchase Payable from Direct Borrowing	659,475	0	(72,565)	586,910	78,090
Total Governmental Activities Long Term Obligations	\$7,002,680	\$2,380,058	(\$519,052)	\$8,863,686	\$395,227

**FY06 Loan Payable** - On October 7, 2005, the School District obtained a loan, in the amount of \$1,800,000, for constructing school facilities. The loan was issued for a twenty-nine year period, with final maturity during fiscal year 2035. The loan is being retired from the Bond Retirement debt service fund.

**FY 12 School Facilities Construction and Improvement Refunding Bonds** - On January 12, 2012, the School District issued current refunding general obligation bonds through a direct placement, in the original amount of \$1,155,000, to refund a portion of the FY 2002 School Facilities Construction and Improvement Bonds. The refunding bond issue consists of term bonds. The bonds were issued for a twelve year period, with final maturity in fiscal year 2024. The bonds are being retired through the Bond Retirement debt service fund.

The bonds are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

Year	Amount
2023	230,000

The remaining principal, in the amount of \$250,000, will be paid at stated maturity on December 1, 2024.

**FY02 School Facilities Construction and Improvement Bonds** - On April 15, 2002, the School District issued \$3,069,000 in voted general obligation bonds for the construction of a new elementary school and middle school. The bond issue included serial and term bonds, in the original amount of \$1,329,000 and \$1,740,000, respectively. The bonds were issued for a twenty-four year period, with final maturity during fiscal year 2025. During fiscal year 2012, a portion of the term bonds, in the amount of \$1,155,000, was refunded. The remaining bonds will be retired through the Bond Retirement debt service fund.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 15 - Long-Term Obligations** (continued)

Net Pension/OPEB Liability - There is no repayment schedule for the net pension/OPEB liability; however, employer pension/OPEB contributions are made from the General Fund and the Food Service and Rotary-Latch Key special revenue funds. For additional information related to the net pension/OPEB liability, see Notes 12 and 13 to the basic financial statements.

Compensated absences will be paid from the General Fund and the Food Service special revenue fund.

During fiscal year 2019, the School District entered in a financed purchase agreement for Tiger Energy Conservation in the amount of \$833,636 to be paid from the General fund.

The School District's overall debt margin was \$6,409,975 with an unvoted debt margin of \$82,335 at June 30, 2023.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2023, were as follows:

FY 06 Loan Payable from Direct Placement

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$71,000	\$55,303	\$126,303
2025	74,000	51,613	125,613
2026	78,000	47,745	125,745
2027	82,000	43,672	125,672
2028	86,000	39,397	125,397
2029-2033	496,000	125,366	621,366
2034-2035	235,000	12,089	247,089
	<u>\$1,122,000</u>	<u>\$375,185</u>	<u>\$1,497,185</u>

General Obligation Bonds  
From Direct Placement

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	\$230,000	\$10,950	\$240,950
2025	250,000	3,750	253,750
	<u>\$480,000</u>	<u>\$14,700</u>	<u>\$494,700</u>

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 15 - Long-Term Obligations** (continued)

Financed Purchases From Direct Borrowings			
Year	Principal	Interest	Total
2024	\$78,090	\$40,598	\$118,688
2025	84,036	34,653	118,689
2026	90,434	28,255	118,689
2027	97,319	21,369	118,688
2028	104,729	13,960	118,689
2029-2030	132,302	6,167	138,469
	\$586,910	\$145,002	\$731,912

**Note 16 - Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balance	General	Bond Retirement	Other Governmental	Total Governmental Funds
Nonspendable for:				
Prepaid Items	\$3,135	\$0	\$80,270	\$83,405
Materials and Supplies				
Inventory	8,873	0	1,145	10,018
Total Nonspendable	12,008	0	81,415	93,423
Restricted for:				
Athletics and Music	0	0	25,949	25,949
Debt Retirement	0	601,829	0	601,829
Facilities Maintenance	0	0	108,934	108,934
Food Service Operations	0	0	197,179	197,179
Latchkey	0	0	576	576
Permanent Improvements	0	0	264,133	264,133
Regular Instruction	0	0	977	977
Student Managed Activities	0	0	25,742	25,742
Wellness Program	0	0	16	16
Total Restricted	0	601,829	623,506	1,225,335

(continued)

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

**Note 16 - Fund Balance** (continued)

Fund Balance	General	Bond Retirement	Other Governmental	Total Govenmental Funds
Assigned For:				
Educational Activities	\$16,929	\$0	\$0	\$16,929
Extracurricular Activities	1,387	0	0	1,387
Projected Budget Shortage	337,925	0	0	337,925
Unpaid Obligations	14,296	0	0	14,296
Total Assigned	370,537	0	0	370,537
Unassigned	5,675,527	0	0	5,675,527
Total Fund Balance	<u>\$6,058,072</u>	<u>\$601,829</u>	<u>\$704,921</u>	<u>\$7,364,822</u>

**Note 17 - Set Asides**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. The amount not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. This amount must be carried forward and used for the same purpose in future years.

The following cash basis information identifies the change in the fund balance set aside for capital improvements during fiscal year 2023.

Balance June 30, 2022	\$0
Current Year Set Aside Requirement	95,056
Current Year Offsets	(95,034)
Current Year Qualifying Expenditures	(22)
Balance June 30, 2023	<u>\$0</u>

**Note 18 - Jointly Governed Organizations**

**A. Northwest Ohio Computer Association**

The School District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 18 - Jointly Governed Organizations** (continued)

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the Governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2023, the School District paid \$116,444 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Educational Council, 209 Nolan Parkway, Archbold, Ohio 43502.

**C. Four County Career Center**

The Four County Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a board consisting of five representatives from the Northwest Ohio Educational Service Center and one representative from the participating school districts elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Four County Career Center, 22-900 State Route 34, Archbold, Ohio 43502.

**Note 19 - Insurance Pools**

**A. Schools of Ohio Risk Sharing Authority**

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. SORSA is an incorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. SORSA's business and affairs are conducted by a board consisting of nine superintendents and treasurers, as well as an attorney, accountant, and four representatives from the pool's administrator, Willis Pooling. Willis Pooling is responsible for processing claims and establishing agreements between SORSA and its members. Financial information can be obtained from Willis Pooling, 775 Yard Street, Suite 200, Grandview Heights, Ohio 43212.

Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 19 - Insurance Pools** (continued)

**B. Northern Buckeye Health Plan**

The School District participates in the Northern Buckeye Health Plan (Plan), Northwest Division of OHI, a self insurance pool, for insurance benefits to employees. The School District pays monthly premiums to the Plan for the benefits offered to its employees, which include health, dental, vision, and life insurance. The Plan is responsible for the management and operations of the program. The agreement with the Plan provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Plan, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 20 - Related Organization**

The Holgate Community Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Holgate Board of Education. The Board of Trustees possesses its own budgeting and contracting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Holgate Community Library, 204 Railway Avenue, Holgate, Ohio 43527.



Holgate Local School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2023

---

**Note 21 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2023.

**B. School Foundation**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (DEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. The District's August 14, 2023 foundation settlement receipt included the FTE adjustment for fiscal year 2023. The adjustment was a decrease of \$124. The District's October 31, 2023 foundation settlement receipt included the FTE adjustment for fiscal year 2023. The adjustment was \$0. This amount is not material to the financial statements and were not included in the financial statements as an intergovernmental receivable as of June 30, 2023.

**C. Litigation**

There are currently no matters in litigation with the School District as defendant.

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net Pension Liability  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.02052990%	0.02149200%	0.01951020%	0.01941680%
School District's Proportionate Share of the Net Pension Liability	\$1,110,417	\$792,992	\$1,290,445	\$1,161,741
School District's Employee Payroll	\$709,343	\$744,936	\$675,757	\$672,933
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	156.54%	106.45%	190.96%	172.64%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

Amounts presented as of the School District's measurement date which is prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.02143420%	0.01758930%	0.01880070%	0.01876960%	0.01941600%	0.01941600%
\$1,227,576	\$1,050,922	\$1,376,038	\$1,071,011	\$982,632	\$1,154,607
\$680,785	\$579,850	\$587,879	\$563,892	\$525,649	\$508,840
180.32%	181.24%	234.07%	189.93%	186.94%	226.91%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net Pension Liability  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.022111010%	0.022744800%	0.02216462%	0.02135610%
School District's Proportionate Share of the Net Pension Liability	\$4,915,306	\$2,908,128	\$5,363,050	\$4,722,773
School District's Employee Payroll	\$2,779,586	\$2,855,043	\$2,720,950	\$2,489,714
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	176.84%	101.86%	197.10%	189.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

Amounts presented as of the School District's measurement date which is prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
0.02133977%	0.02118739%	0.02168214%	0.02187640%	0.02127777%	0.02127777%
\$4,692,136	\$5,033,109	\$7,257,665	\$6,045,998	\$5,175,490	\$6,165,010
\$2,474,143	\$2,285,179	\$2,341,921	\$2,278,550	\$2,182,146	\$2,255,469
189.65%	220.25%	309.90%	265.34%	237.17%	273.34%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net OPEB Liability  
School Employees Retirement System of Ohio  
Last Seven Fiscal Years (1)

	2023	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.02101970%	0.02215860%	0.02034300%	0.01992740%
School District's Proportionate Share of the Net OPEB Liability	\$295,119	\$419,371	\$442,122	\$501,133
School District's Employee Payroll	\$709,343	\$744,936	\$675,757	\$672,933
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	41.60%	56.30%	65.43%	74.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017
s		
0.02158190%	0.01779410%	0.01899120%
\$598,740	\$477,547	\$541,319
\$680,785	\$579,850	\$587,879
87.95%	82.36%	92.08%
13.57%	12.46%	11.49%

Holgate Local School District  
Required Supplementary Information  
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)  
State Teachers Retirement System of Ohio  
Last Seven Fiscal Years (1)

	2023	2022	2021
School District's Proportion of the Net OPEB Liability (Asset)	0.022111010%	0.022744800%	0.02216462%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$572,528)	(\$479,554)	(\$389,542)
School District's Employee Payroll	\$2,779,586	\$2,855,043	\$2,720,950
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-20.60%	-16.80%	-14.32%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Information prior to 2017 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal year end.

See Accompanying Notes to the Required Supplementary Information



---

2020	2019	2018	2017
0.02135610%	0.02133977%	0.02118739%	0.02168214%
(\$353,709)	(\$342,909)	\$826,654	\$1,159,566
\$2,489,714	\$2,474,143	\$2,285,179	\$2,341,921
-14.21%	-13.86%	36.17%	49.51%
174.70%	176.00%	47.10%	37.30%

Holgate Local School District, Ohio  
Required Supplementary Information  
Schedule of the School District's Contributions  
School Employees Retirement System of Ohio  
Last Ten Fiscal Years

	2023	2022	2021	2020
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$108,003	\$99,308	\$104,291	\$94,606
Contributions in Relation to the Contractually Required Contribution	<u>(108,003)</u>	<u>(99,308)</u>	<u>(104,291)</u>	<u>(94,606)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$771,450	\$709,343	\$744,936	\$675,757
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	\$14,548	\$13,869	\$14,223	\$13,529
Contributions in Relation to the Contractually Required Contribution	<u>(14,548)</u>	<u>(13,869)</u>	<u>(14,223)</u>	<u>(13,529)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	<u>1.89%</u>	<u>1.96%</u>	<u>1.91%</u>	<u>2.00%</u>
Total Contributions as a Percentage of Employee Payroll (2)	<u>15.89%</u>	<u>15.96%</u>	<u>15.91%</u>	<u>16.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB

(2) Includes Surcharge

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$90,846	\$91,906	\$81,179	\$82,303	\$74,321	\$72,855
(90,846)	(91,906)	(81,179)	(82,303)	(74,321)	(72,855)
\$0	\$0	\$0	\$0	\$0	\$0
\$672,933	\$680,785	\$579,850	\$587,879	\$563,892	\$525,649
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$15,663	\$14,339	\$9,444	\$9,347	\$14,148	\$10,176
(15,663)	(14,339)	(9,444)	(9,347)	(14,148)	(10,176)
\$0	\$0	\$0	\$0	\$0	\$0
2.33%	2.11%	1.63%	1.59%	2.51%	1.94%
15.83%	15.61%	15.63%	15.59%	15.69%	15.80%

Holgate Local School District, Ohio  
Required Supplementary Information  
Schedule of the School District's Contributions  
State Teachers Retirement System of Ohio  
Last Ten Fiscal Years

	2023	2022	2021	2020
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$399,344	\$389,142	\$399,706	\$380,933
Contributions in Relation to the Contractually Required Contribution	<u>(399,344)</u>	<u>(389,142)</u>	<u>(399,706)</u>	<u>(380,933)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$2,852,457	\$2,779,586	\$2,855,043	\$2,720,950
Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	14.00%
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Employee Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See Accompanying Notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$348,560	\$346,380	\$319,925	\$327,869	\$318,997	\$283,679
(348,560)	(346,380)	(319,925)	(327,869)	(318,997)	(283,679)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,489,714	\$2,474,143	\$2,285,179	\$2,341,921	\$2,278,550	\$2,182,146
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
\$0	\$0	\$0	\$0	\$0	\$21,821
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,821)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

---

**Net Pension Liability**

**Changes in Assumptions - SERS**

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning in 2022, amounts reported use mortality rates 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 percent for males and set forward 2 years and adjusted 81.35 percent 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 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions - STRS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

#### **Changes in Benefit Term - STRS Pension**

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

#### **Net OPEB Liability**

#### **Changes in Assumptions - SERS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

---

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense,  
including price inflation

Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Changes in Assumptions - STRS**

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. 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 discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)



Holgate Local School District  
Notes to the Required Supplementary Information  
For the Fiscal Year Ended June 30, 2023

---

**Changes in Benefit Terms - STRS OPEB**

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. 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 CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

This page intentionally left blank.

# OHIO AUDITOR OF STATE KEITH FABER

65 East State 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

Holgate Local School District  
Henry County  
801 East Joe E. Brown Avenue  
Holgate, Ohio 43527

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holgate Local School District, Henry County, Ohio (the District) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 17, 2025.

### ***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  
Auditor of State  
Columbus, Ohio

April 17, 2025

# Holgate Local Schools



Jessica Schuette, Superintendent  
Email: jschuette@holgateschools.org

801 East Joe E. Brown Avenue  
Holgate, Ohio 43527  
Phone: 419.264.5141  
Fax: 419.264.1965

Kent Seemann, Treasurer  
Email: kseemann@holgateschools.org

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2024 AND 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Finding was first issued in the 2021-2020 audit. Material weakness due to errors in financial reporting.	Fully corrected.	

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**HOLGATE LOCAL SCHOOL DISTRICT**

**HENRY 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 5/8/2025**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)