



**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY
JUNE 30, 2022**

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HANCOCK COUNTY
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

Liberty-Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840

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 Liberty-Benton Local School District, Hancock County, Ohio (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2023

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of Liberty-Benton Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. 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 2022 were as follows:

Net position increased \$5,832,387, or approximately 23 percent. Net position at the end of the prior fiscal year was \$25,398,301 and increased to \$31,230,688

General revenues were \$18,351,653 or 78 percent of total revenues, and demonstrate the School District's significant dependence on property taxes and income taxes as well as State funding.

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 Liberty-Benton 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.

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 2022. 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. Non-financial 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.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

In the statement of net position and the statement of activities, all of the School District's activities are reflected as governmental activities. The programs and services reported here include instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property taxes and income tax revenues as well as unrestricted State entitlements.

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 Building and Classroom Facilities capital projects funds.

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 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 2022 and fiscal year 2021:

Table 1
Net Position

	Governmental Activities		
	2022	2021	Change
<u>Assets</u>			
Current and Other Assets	\$52,708,698	\$67,408,210	(\$14,699,512)
Net OPEB Asset	1,193,764	972,343	221,421
Capital Assets, Net	35,804,822	10,551,740	25,253,082
Total Assets	89,707,284	78,932,293	10,774,991

(continued)

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		
	2022	2021	Change
<u>Deferred Outflows of Resources</u>			
Pension	\$3,749,875	\$3,040,655	\$709,220
OPEB	370,007	442,668	(72,661)
Total Deferred Outflows of Resources	4,119,882	3,483,323	636,559
<u>Liabilities</u>			
Current and Other Liabilities	8,980,179	2,054,151	(6,926,028)
Long-Term Liabilities			
Pension	9,329,891	17,152,041	7,822,150
OPEB	1,106,887	1,286,045	179,158
Other Amounts	27,030,116	27,872,282	842,166
Total Liabilities	46,447,073	48,364,519	1,917,446
<u>Deferred Inflows of Resources</u>			
Pension	7,571,353	306,559	(7,264,794)
OPEB	2,031,160	1,832,401	(198,759)
Other Amounts	6,546,892	6,513,836	(33,056)
Total Deferred Inflows of Resources	16,149,405	8,652,796	(7,496,609)
<u>Net Position</u>			
Net Investment in Capital Assets	20,975,824	9,993,243	10,982,581
Restricted	14,694,129	21,510,820	(6,816,691)
Unrestricted (Deficit)	(4,439,265)	(6,105,762)	1,666,497
Total Net Position	\$31,230,688	\$25,398,301	\$5,832,387

The net pension/OPEB liability (asset) reported by the School District at June 30, 2022, 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.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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 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 the net pension liability and the net OPEB liability (asset), respectively, not accounted for as deferred outflows/inflows.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
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Pension/OPEB related changes noted in the above table reflect an overall increase in deferred outflows and in deferred inflows. The decrease in the net pension liability and net OPEB liability represent the School District's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, contribution rates, return on investments, and actuarial assumptions all affect the balance of the net pension/OPEB liability.

Aside from the changes related to pension/OPEB, there were several notable changes from the prior fiscal year as reflected in the above table. The decrease in current and other assets was largely due to a decrease in cash and cash equivalents and intergovernmental receivables (related to the progress of the Ohio Facilities Construction Commission project). The increase in net capital assets and the investment in capital assets was due to the Ohio Facilities Construction Commission ongoing construction. The increase in current and other liabilities was primarily construction related as there were outstanding liabilities for contracts 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 2022 and fiscal year 2021:

Table 2
Change in Net Position

	Governmental Activities		
	2022	2021	Change
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$719,898	\$2,701,753	(\$1,981,855)
Operating Grants, Contributions, and Interest	2,594,958	2,228,594	366,364
Capital Grants, Contributions, and Interest	1,914,863	169,390	1,745,473
Total Program Revenues	<u>5,229,719</u>	<u>5,099,737</u>	129,982
General Revenues			
Property Taxes	7,091,149	6,998,267	92,882
Income Taxes	2,722,081	2,415,288	306,793
Payment in Lieu of Taxes	77,710	32,806	44,904
Grants and Entitlements	8,224,651	5,448,201	2,776,450
Interest	(238,119)	80,384	(318,503)
Gifts and Donations	10,811	3,033	7,778
Miscellaneous	463,370	278,806	184,564
Total General Revenues	<u>18,351,653</u>	<u>15,256,785</u>	3,094,868
Total Revenues	<u>23,581,372</u>	<u>20,356,522</u>	3,224,850

(continued)

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 2
Change in Net Position
(continued)

	Governmental Activities		
	2022	2021	Change
<u>Expenses</u>			
Instruction:			
Regular	\$7,522,957	\$8,551,627	\$1,028,670
Special	1,748,691	1,896,841	148,150
Vocational	437,330	402,162	(35,168)
Support Services:			
Pupils	983,539	1,177,914	194,375
Instructional Staff	712,665	556,823	(155,842)
Board of Education	11,822	11,057	(765)
Administration	1,124,269	1,264,493	140,224
Fiscal	425,313	448,936	23,623
Business	10,848	691	(10,157)
Operation and Maintenance of Plant	1,532,906	1,444,945	(87,961)
Pupil Transportation	625,657	694,105	68,448
Central	189,072	230,704	41,632
Non-Instructional Services	677,355	703,706	26,351
Extracurricular Activities	898,250	728,748	(169,502)
Interest and Fiscal Charges	848,311	881,604	33,293
Total Expenses	<u>17,748,985</u>	<u>18,994,356</u>	<u>1,245,371</u>
Increase in Net Position	5,832,387	1,362,166	4,470,221
Net Position at Beginning of Year	<u>25,398,301</u>	<u>24,036,135</u>	<u>1,362,166</u>
Net Position at End of Year	<u>\$31,230,688</u>	<u>\$25,398,301</u>	<u>\$5,832,387</u>

For program revenues, the decrease in charges for services is due to a change in State funding currently using a direct funding model for open enrollment. The increase in operating grants and contributions was due to some additional grant funding and COVID relief resources. The increase in capital grants and contributions was due to the School District received donations for the fieldhouse project and baseball field. For general revenues, there was an increase in property tax and income tax revenue as addressed previously. The most significant changes for general revenues was the increase in unrestricted grants and entitlements (State funding) and the decrease in interest revenue (declining interest rate). As a result, a negative interest revenue was reported for fiscal year 2022. The decrease in expenses was related to pension/OPEB changes as mentioned above.

Liberty-Benton Local School District
Management's Discussion and Analysis
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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 primarily from tax revenues and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction:				
Regular	\$7,522,957	\$8,551,627	\$6,869,880	\$6,172,352
Special	1,748,691	1,896,841	719,545	807,886
Vocational	437,330	402,162	376,653	340,507
Support Services:				
Pupils	983,539	1,177,914	733,859	903,831
Instructional Staff	712,665	556,823	711,144	529,596
Board of Education	11,822	11,057	11,822	11,057
Administration	1,124,269	1,264,493	1,124,269	1,246,581
Fiscal	425,313	448,936	425,313	444,360
Business	10,848	691	10,848	691
Operation and Maintenance of Plant	1,532,906	1,444,945	1,532,906	1,391,634
Pupil Transportation	625,657	694,105	603,138	635,209
Central	189,072	230,704	189,072	229,336
Non-Instructional Services	677,355	703,706	(374,562)	(197,686)
Extracurricular Activities	898,250	728,748	(1,262,932)	497,661
Interest and Fiscal Charges	848,311	881,604	848,311	881,604
Total Expenses	<u>\$17,748,985</u>	<u>\$18,994,356</u>	<u>\$12,519,266</u>	<u>\$13,894,619</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 as well as a large contribution from an outside source received in fiscal year 2022.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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 9 percent in the General Fund. Intergovernmental revenue increased from State foundation funding (as discussed previously). There was little change in total expenditures.

The decrease in fund balance in the Building Fund (37 percent) was due to significant construction costs for the building project.

Like the Building Fund, the decrease in fund balance in the Classroom Facilities Fund (44 percent) was also due to significant construction costs for the building project.

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 2022, 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, there was very little change from the original budget to the final budget and changes from the final budget to actual expenditures were due to the budgeting conservatively.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had \$35,804,822 invested in capital assets (net of accumulated depreciation). Additions included ongoing construction, improvement to the baseball field and miscellaneous equipment. Disposals included miscellaneous equipment and several buses and a pickup truck. For further information regarding the School District's capital assets, refer to Note 11 to the basic financial statements.

Debt

At June 30, 2022, the School District had outstanding general obligation bonds, in the amount of \$26,123,642. The School District's long-term obligations also include the net pension/OPEB liability and compensated absences. For further information regarding the School District's long-term obligations, refer to Note 17 to the basic financial statements.

Liberty-Benton Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Current Issues

Liberty-Benton Local School District is comprised of portions of Blanchard, Eagle, and Liberty Townships. It has a number of small and medium size businesses with agriculture contributing a significant influence on the local economy.

After a worldwide outbreak of COVID-19 in the Spring of 2020, School District operations came to a drastic halt. The District was able to quickly respond by providing virtual educational opportunities to finish out the current school year. Although the coronavirus pandemic continued, the School District was able to welcome back students to the 2020-2021 school year in a limited capacity to support social distancing using an AM/PM Hybrid Learning Model. The model provided half-day instruction for two groups of students. The option of 100 percent remote learning was also provided. The School District returned to a traditional all-day education model in February 2021. The District was able to stay in a fully in-person learning environment during the 2021-2022 school year.

In May 2019, the community generously passed a 7.3 mill levy which allows the School District to build a new pre-kindergarten through 8th grade building with the help of the Ohio Facilities Construction Commission. The School District began the schematic design phase in July 2020; the first of three design phases. The Developmental Design phase was approved in March 2021. Groundbreaking and early site construction for the new building began in June 2021. Completion is scheduled for the spring of 2023 in time to begin the 2023-2024 school year.

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 Lisa Dobbins, Treasurer, Liberty-Benton Local School District, 9190 County Road 9, Findlay, Ohio 45840.

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Liberty-Benton Local School District
Statement of Net Position
June 30, 2022

	Governmental Activities
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	\$34,000,416
Accounts Receivable	97,148
Accrued Interest Receivable	16,036
Intergovernmental Receivable	10,133,078
Income Taxes Receivable	1,308,051
Prepaid Items	10,905
Inventory Held for Resale	6,974
Materials and Supplies Inventory	21,726
Property Taxes Receivable	7,064,507
Payment in Lieu of Taxes Receivable	49,857
Net OPEB Asset	1,193,764
Nondepreciable Capital Assets	28,178,205
Depreciable Capital Assets, Net	7,626,617
Total Assets	89,707,284
<u>Deferred Outflows of Resources:</u>	
Pension	3,749,875
OPEB	370,007
Total Deferred Outflows of Resources	4,119,882
<u>Liabilities:</u>	
Accounts Payable	78,237
Contracts Payable	6,594,835
Accrued Wages and Benefits Payable	1,215,464
Matured Compensated Absences Payable	56,019
Retainage Payable	588,534
Intergovernmental Payable	271,782
Accrued Interest Payable	148,463
Unearned Revenue	26,845
Long-Term Liabilities:	
Due Within One Year	506,523
Due in More Than One Year	
Net Pension Liability	9,329,891
Net OPEB Liability	1,106,887
Other Amounts Due in More Than One Year	26,523,593
Total Liabilities	46,447,073
<u>Deferred Inflows of Resources:</u>	
Property Taxes	6,520,751
Payment in Lieu of Taxes	26,141
Pension	7,571,353
OPEB	2,031,160
Total Deferred Inflows of Resources	16,149,405
<u>Net Position:</u>	
Net Investment in Capital Assets	20,975,824
Restricted For:	
Capital Projects	13,392,641
Food Service	422,977
Athletics and Music	41,998
Student Activities	141,232
Other Purposes	695,281
Unrestricted (Deficit)	(4,439,265)
Total Net Position	\$31,230,688

See Accompanying Notes to Basic Financial Statements

Liberty-Benton Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$7,522,957	\$111,076	\$542,001	\$0
Special	1,748,691	151,127	878,019	0
Vocational	437,330	0	60,677	0
Support Services:				
Pupils	983,539	0	249,680	0
Instructional Staff	712,665	0	1,521	0
Board of Education	11,822	0	0	0
Administration	1,124,269	0	0	0
Fiscal	425,313	0	0	0
Business	10,848	0	0	0
Operation and Maintenance of Plant	1,532,906	0	0	0
Pupil Transportation	625,657	0	22,519	0
Central	189,072	0	0	0
Non-Instructional Services	677,355	222,369	829,548	0
Extracurricular Activities	898,250	235,326	10,993	1,914,863
Interest and Fiscal Charges	848,311	0	0	0
Total Governmental Activities	<u>\$17,748,985</u>	<u>\$719,898</u>	<u>\$2,594,958</u>	<u>\$1,914,863</u>

General Revenues:

Property Taxes Levied for General Purposes
Property Taxes Levied for Classroom Construction Maintenance
Property Taxes Levied for Debt Service Purposes
Income Taxes Levied for General Purposes
Payment in Lieu of Taxes
Grants and Entitlements not Restricted to Specific Programs
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

(\$6,869,880)
(719,545)
(376,653)

(733,859)
(711,144)
(11,822)
(1,124,269)
(425,313)
(10,848)
(1,532,906)
(603,138)
(189,072)
374,562
1,262,932
(848,311)

(12,519,266)

5,711,415
111,559
1,268,175
2,722,081
77,710
8,224,651
(238,119)
10,811
463,370

18,351,653

5,832,387

25,398,301

\$31,230,688

Liberty-Benton Local School District
Balance Sheet
Governmental Funds
June 30, 2022

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$9,356,415	\$6,611,687	\$13,213,678	\$4,818,636	\$34,000,416
Accounts Receivable	42,337	0	0	54,811	97,148
Accrued Interest Receivable	10,037	2,001	3,998	0	16,036
Intergovernmental Receivable	29,204	0	9,964,756	139,118	10,133,078
Income Taxes Receivable	1,308,051	0	0	0	1,308,051
Prepaid Items	10,682	0	0	223	10,905
Inventory Held for Resale	0	0	0	6,974	6,974
Materials and Supplies Inventory	19,433	0	0	2,293	21,726
Property Taxes Receivable	5,712,021	0	0	1,352,486	7,064,507
Payment in Lieu of Taxes Receivable	41,029	0	0	8,828	49,857
Total Assets	<u>\$16,529,209</u>	<u>\$6,613,688</u>	<u>\$23,182,432</u>	<u>\$6,383,369</u>	<u>\$52,708,698</u>
<u>Liabilities:</u>					
Accounts Payable	\$46,542	\$370	\$2,682	\$28,643	\$78,237
Contracts Payable	0	570,032	5,967,846	56,957	6,594,835
Accrued Wages and Benefits Payable	1,153,044	0	0	62,420	1,215,464
Matured Compensated Absences Payable	56,019	0	0	0	56,019
Retainage Payable	0	65,914	522,620	0	588,534
Intergovernmental Payable	250,775	0	0	21,007	271,782
Unearned Revenue	4,687	0	0	22,158	26,845
Total Liabilities	<u>1,511,067</u>	<u>636,316</u>	<u>6,493,148</u>	<u>191,185</u>	<u>8,831,716</u>
<u>Deferred Inflows of Resources:</u>					
Property Taxes	5,265,606	0	0	1,255,145	6,520,751
Payment in Lieu of Taxes	21,512	0	0	4,629	26,141
Unavailable Revenue	223,835	1,515	7,266,669	63,368	7,555,387
Total Deferred Inflows of Resources	<u>5,510,953</u>	<u>1,515</u>	<u>7,266,669</u>	<u>1,323,142</u>	<u>14,102,279</u>
<u>Fund Balances:</u>					
Nonspendable	30,115	0	0	2,516	32,631
Restricted	0	5,975,857	9,422,615	2,845,656	18,244,128
Committed	140,468	0	0	157,599	298,067
Assigned	400,051	0	0	1,902,364	2,302,415
Unassigned (Deficit)	8,936,555	0	0	(39,093)	8,897,462
Total Fund Balances	<u>9,507,189</u>	<u>5,975,857</u>	<u>9,422,615</u>	<u>4,869,042</u>	<u>29,774,703</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$16,529,209</u>	<u>\$6,613,688</u>	<u>\$23,182,432</u>	<u>\$6,383,369</u>	<u>\$52,708,698</u>

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
 Reconciliation of Total Governmental Fund Balances
 to Net Position of Governmental Activities
 June 30, 2022

Total Governmental Fund Balances \$29,774,703

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. 35,804,822

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	73,432	
Accrued Interest Receivable	7,755	
Intergovernmental Receivable	7,302,734	
Income Taxes Receivable	151,870	
Delinquent Property Taxes Receivable	19,596	7,555,387

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

Accrued Interest Payable	(148,463)	
General Obligation Bonds Payable	(26,123,642)	
Compensated Absences Payable	(906,474)	(27,178,579)

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	1,193,764	
Deferred Outflows - Pension	3,749,875	
Deferred Inflows - Pension	(7,571,353)	
Net Pension Liability	(9,329,891)	
Deferred Outflows - OPEB	370,007	
Deferred Inflows - OPEB	(2,031,160)	
Net OPEB Liability	(1,106,887)	(14,725,645)

Net Position of Governmental Activities \$31,230,688

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Building	Classroom Facilities	Other Governmental	Total Governmental Funds
<u>Revenues:</u>					
Property Taxes	\$5,718,946	\$0	\$0	\$1,381,732	\$7,100,678
Income Taxes	2,710,690	0	0	0	2,710,690
Payment in Lieu of Taxes	64,485	0	0	13,225	77,710
Intergovernmental	7,729,600	0	12,755,643	1,801,694	22,286,937
Interest	(71,091)	(63,734)	(97,313)	667	(231,471)
Tuition and Fees	267,111	0	0	0	267,111
Extracurricular Activities	0	0	0	235,646	235,646
Charges for Services	70	0	0	221,368	221,438
Gifts and Donations	10,811	0	0	10,993	21,804
Miscellaneous	363,907	0	0	91,585	455,492
Total Revenues	<u>16,794,529</u>	<u>(63,734)</u>	<u>12,658,330</u>	<u>3,756,910</u>	<u>33,146,035</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	7,602,433	0	0	516,497	8,118,930
Special	1,398,721	0	0	474,172	1,872,893
Vocational	431,172	0	0	0	431,172
Support Services:					
Pupils	975,524	0	0	77,470	1,052,994
Instructional Staff	747,969	0	0	30,906	778,875
Board of Education	11,822	0	0	0	11,822
Administration	1,197,422	0	0	4,940	1,202,362
Fiscal	423,507	0	0	24,023	447,530
Business	774	0	0	10,074	10,848
Operation and Maintenance of Plant	1,214,270	3,135	22,623	84,462	1,324,490
Pupil Transportation	619,205	0	0	0	619,205
Central	211,997	0	0	2,300	214,297
Non-Instructional Services	1,200	0	0	733,437	734,637
Extracurricular Activities	482,632	0	0	239,952	722,584
Capital Outlay	464	2,551,282	20,981,802	570,206	24,103,754
Debt Service:					
Principal Retirement	0	0	0	770,000	770,000
Interest and Fiscal Charges	0	0	0	918,550	918,550
Total Expenditures	<u>15,319,112</u>	<u>2,554,417</u>	<u>21,004,425</u>	<u>4,456,989</u>	<u>43,334,943</u>
Excess of Revenues Over (Under) Expenditures	<u>1,475,417</u>	<u>(2,618,151)</u>	<u>(8,346,095)</u>	<u>(700,079)</u>	<u>(10,188,908)</u>
<u>Other Financing Sources (Uses):</u>					
Sale of Capital Assets	2,293	0	0	34,861	37,154
Transfers In	0	0	923,127	828,178	1,751,305
Transfers Out	(663,667)	(923,127)	0	(164,511)	(1,751,305)
Total Other Financing Sources (Uses)	<u>(661,374)</u>	<u>(923,127)</u>	<u>923,127</u>	<u>698,528</u>	<u>37,154</u>
Changes in Fund Balances	814,043	(3,541,278)	(7,422,968)	(1,551)	(10,151,754)
Fund Balances at Beginning of Year	<u>8,693,146</u>	<u>9,517,135</u>	<u>16,845,583</u>	<u>4,870,593</u>	<u>39,926,457</u>
Fund Balances at End of Year	<u>\$9,507,189</u>	<u>\$5,975,857</u>	<u>\$9,422,615</u>	<u>\$4,869,042</u>	<u>\$29,774,703</u>

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton 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, 2022

Changes in Fund Balances - Total Governmental Funds (\$10,151,754)

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 capital outlay exceeded depreciation in the current fiscal year.

Capital Outlay - Nondepreciable Capital Assets	23,900,440	
Capital Outlay - Depreciable Capital Assets	131,720	
Contributed Capital	1,914,863	
Depreciation	<u>(644,966)</u>	25,302,057

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 asset account on the statement of net position and is offset against the proceeds from the sale of capital assets resulting in a gain or loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(37,154)	
Gain on Disposal of Capital Assets	32,379	
Loss on Disposal of Capital Assets	<u>(44,200)</u>	(48,975)

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

Delinquent Property Taxes	(9,529)	
Income Taxes	11,391	
Intergovernmental	(11,510,499)	
Interest	(5,894)	
Tuition and Fees	(5,608)	
Extracurricular Activities	(320)	
Charges for Services	1,631	
Miscellaneous	<u>6,923</u>	(11,511,905)

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position. 770,000

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. Premiums are reported as revenues when the debt is first issued; however, this amount is deferred and amortized on the statement of activities.

Accrued Interest Payable	5,063	
Amortization of Premium	<u>65,176</u>	70,239

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. 6,990

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	44,718	
OPEB	<u>93,948</u>	138,666

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

Pension	1,221,858	
OPEB	<u>35,211</u>	<u>1,257,069</u>

Change in Net Position of Governmental Activities \$5,832,387

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues:</u>				
Property Taxes	\$5,633,466	\$5,674,094	\$5,728,972	\$54,878
Income Taxes	2,215,545	2,215,545	2,475,739	260,194
Payment in Lieu of Taxes	34,833	34,833	44,968	10,135
Intergovernmental	6,040,024	6,040,024	7,736,410	1,696,386
Interest	70,000	70,000	40,793	(29,207)
Tuition and Fees	2,375,370	2,375,370	266,263	(2,109,107)
Gifts and Donations	6,800	6,800	10,811	4,011
Miscellaneous	50,471	50,471	78,923	28,452
Total Revenues	<u>16,426,509</u>	<u>16,467,137</u>	<u>16,382,879</u>	<u>(84,258)</u>
<u>Expenditures:</u>				
<u>Current:</u>				
<u>Instruction:</u>				
Regular	7,914,526	7,908,558	7,446,412	462,146
Special	1,009,041	1,009,041	908,652	100,389
Vocational	393,400	393,400	289,857	103,543
<u>Support Services:</u>				
Pupils	938,334	938,334	842,007	96,327
Instructional Staff	430,168	433,500	744,659	(311,159)
Board of Education	13,647	13,647	12,830	817
Administration	1,051,126	1,052,926	1,189,094	(136,168)
Fiscal	403,191	403,191	402,756	435
Business	1,260	1,260	1,161	99
Operation and Maintenance of Plant	651,902	651,998	618,176	33,822
Pupil Transportation	650,074	650,814	680,036	(29,222)
Central	233,480	233,480	217,755	15,725
Extracurricular Activities	465,382	465,382	492,340	(26,958)
Capital Outlay	22,871	22,871	464	22,407
Board of Education Scholarship				
Non-Instructional Services	1,200	1,200	1,200	0
<u>Rotary</u>				
Instructional Staff	11,754	11,754	428	11,326
<u>Emergency Levy</u>				
<u>Instruction:</u>				
Regular	336,507	336,507	163,641	172,866
Special	349,469	349,385	528,839	(179,454)
Vocational	94,906	94,906	116,000	(21,094)
<u>Support Services:</u>				
Pupils	180,319	180,319	135,156	45,163
Instructional Staff	12,255	12,255	12,460	(205)
Fiscal	25,000	25,000	24,788	212
Operation and Maintenance of Plant	841,852	842,936	766,121	76,815
Pupil Transportation	10,754	9,754	4,909	4,845
<u>Academic Incentives</u>				
Administration	48,250	88,250	86,393	1,857

(continued)

Liberty-Benton 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, 2022
(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
District Support				
Instruction:				
Regular	\$204,455	\$204,455	\$17,825	\$186,630
Support Services:				
Fiscal	0	0	6,294	(6,294)
Operation of Noninstructional Services	0	0	959	(959)
Total Expenditures	<u>16,295,123</u>	<u>16,335,123</u>	<u>15,711,212</u>	<u>623,911</u>
Excess of Revenues Over Expenditures	<u>131,386</u>	<u>132,014</u>	<u>671,667</u>	<u>539,653</u>
<u>Other Financing Sources (Uses):</u>				
Other Financing Sources	0	0	5,065	5,065
Refund of Prior Year Expenditures	6,590	6,590	284,818	278,228
Transfers Out	(670,128)	(670,128)	(663,667)	6,461
Total Other Financing Sources (Uses)	<u>(663,538)</u>	<u>(663,538)</u>	<u>(373,784)</u>	<u>289,754</u>
Changes in Fund Balance	(532,152)	(531,524)	297,883	829,407
Fund Balance at Beginning of Year	8,311,107	8,311,107	8,311,107	0
Prior Year Encumbrances Appropriated	454,444	454,444	454,444	0
Fund Balance at End of Year	<u>\$8,233,399</u>	<u>\$8,234,027</u>	<u>\$9,063,434</u>	<u>\$829,407</u>

See Accompanying Notes to the Basic Financial Statements

Liberty-Benton Local School District
Statement of Change in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2022

Additions:

Charges Received for OHSAA	\$12,080
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Deductions:

Distributions on Behalf of OHSAA	<u>12,080</u>
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Change in Net Position	0
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Net Position at Beginning of Year	<u>0</u>
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Net Position at End of Year	<u><u>\$0</u></u>
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See Accompanying Notes to the Basic Financial Statements

Note 1 - Description of the School District and Reporting Entity

Liberty-Benton 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 1954. It is located in Hancock County and includes all of the Village of Benton Ridge, and part of Blanchard, Eagle, and Liberty Townships. It is staffed by sixty-two classified employees, one hundred two certified teaching personnel, and ten administrative employees who provide services to one thousand five hundred forty students and other community members. The School District currently operates two instructional buildings.

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 Liberty-Benton 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 Liberty-Benton Local School District.

The School District participates in three jointly governed organizations and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Hancock County Local Professional Development Committee, Bay Area Council of Governments, Schools of Ohio Risk Sharing Authority, Hancock County Schools Health Benefit Fund, and the Ohio Association of School Business Officials Workers’ Compensation Group Rating Plan. These organizations are presented in Notes 21 and 22 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of Liberty-Benton 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 usually 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 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, contributions, and interest 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.

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 major governmental funds are the General Fund and the Building and Classroom Facilities capital projects funds.

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.

Building Fund - The Building Fund is used to accounts for bond proceeds restricted to acquire, construct, or improve capital facilities.

Classroom Facilities Fund - The Classroom Facilities Fund is used to account for resources received from the Ohio Facilities Construction Commission and restricted for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to 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 custodial fund is use to account for resources received on behalf of the Ohio High School Athletic Association.

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, recording of deferred outflows and deferred inflows of resources, and in the presentation of expenses versus expenditures.

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, 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 statement 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 Note 14 and Note 15.

Note 2 - Summary of Significant Accounting Policies (continued)

In addition to liabilities, the statement of financial position report reports 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 include property taxes, payment in lieu of taxes, unavailable revenue, pension and OPEB. Property taxes represent amounts for which there was an enforceable legal claim as of June 30, 2022, but which were levied to finance year 2023 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes accrued interest, intergovernmental grants, income taxes, delinquent property taxes, and other sources. These amounts are deferred and recognized as 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 and are explained in Note 14 and Note 15 to the basic financial statements.

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 control selected by the Board is at the fund level for all funds. Budgetary allocations at the function and object level within all 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 amended certificate of estimated resources requested by the School District prior to year end.

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 2022, investments included mutual funds, negotiable certificates of deposit, federal agency securities, United States Treasury notes/bonds, municipal funds, commercial paper, and STAR Ohio. Investments are reported at fair value or amortized cost. Investments reported at fair value are based on quoted market price or current share price. STAR Ohio (State Treasury Asset Reserve of Ohio) is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No.79, “Certain External Investment Pools and Pool Participants”. The School District measures the investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, requiring the excess amount to be transacted the following business day(s) but only to the \$250 million limit. All accounts of the participant will be combined for this purpose.

The School District’s commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

The School District allocates interest earnings according to State statutes. Due to a decrease in the fair value of the School District’s investments, the General Fund reported negative interest revenue in fiscal year 2022.

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.

Note 2 - Summary of Significant Accounting Policies (continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Inventory

Inventory is presented at cost on a first-in, first-out basis and is expended/expensed when used. Inventory consists of expendable supplies held for consumption 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 (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of one thousand five hundred 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.

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

<u>Description</u>	<u>Useful Lives</u>
Land Improvements	20 years
Buildings and Building Improvements	18 - 109 years
Furniture, Fixtures, and Equipment	5 - 40 years
Vehicles	10 - 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.

Note 2 - Summary of Significant Accounting Policies (continued)

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 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 will be paid from governmental funds are reported as a liability on the fund financial statements only to the extent that they are due for payment during the current fiscal year. The 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 to pay those benefits. Bonds are recognized as a liability on the fund financial statements when due.

L. Unamortized Premiums

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

On the governmental fund financial statements, bond premiums are recognized in the period in which the debt is issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited in the Bond Retirement Fund.

Note 2 - Summary of Significant Accounting Policies (continued)

M. 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 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.

N. 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. Fund balance policy of the Board of Education has authorized the Treasurer to assign fund balance for purchases on order provided those amounts have been lawfully appropriated. Certain resources have also been assigned for extracurricular activities and permanent improvements.

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.

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.

O. Capital Contributions

Capital contributions arise from contributions from outside sources.

P. Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments 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.

Q. Pension/Other Postemployment Benefits

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 system. 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 system report investments at fair value.

R. 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 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, "Leases".

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 3 - Change in Accounting Principles (continued)

GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The School District did not have any contracts that met the GASB Statement No. 87 definition of a lease.

The School District is also implementing Implementation Guide No. 2020-1, GASB Statement No. 92, "Omnibus 2020", and GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans". These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants; however, there was no effect on beginning net position/fund balance.

Note 4 - Accountability

At June 30, 2022, the ESSER special revenue fund had a deficit cash balance of \$39,093, resulting from recognition of payables in accordance with generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed.

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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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:

Changes in Fund Balance	
GAAP Basis	\$814,043
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2021, Received in Cash FY 2022	1,390,336
Accrued FY 2022, Not Yet Received in Cash	(1,627,039)
Expenditure Accruals:	
Accrued FY 2021, Paid in Cash FY 2022	(1,508,378)
Accrued FY 2022, Not Yet Paid in Cash	1,506,380
Cash Adjustments:	
Unrecorded Activity FY 2021	20,429
Unrecorded Activity FY 2022	92,214
Materials and Supplies Inventory	(7,225)
Prepaid Items	2,318
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(385,195)
Budget Basis	\$297,883

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

Interim monies 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;

Note 6 - Deposits and Investments (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (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 School District Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$348,894 of the School District's bank balance of \$11,206,549 was exposed to custodial credit risk because it was uninsured and uncollateralized. One of the School District's financial institutions did not collateralize deposits within the School District's investment account.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured or by participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 6 - Deposits and Investments (continued)

Investments

Investments are reported at fair value or amortized cost. As of June 30, 2022, the School District had the following investments.

Measurement/Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Fair Value - Level One Inputs					
Mutual Funds	\$151,817	\$151,817	\$0	\$0	\$0
Fair Value - Level Two Inputs					
Negotiable Certificates of Deposit	1,814,004	494,360	494,888	377,868	446,888
Federal Farm Credit Bank Notes	4,290,349	0	2,446,125	1,844,224	0
Federal Home Loan Bank	383,413	0	0	193,212	190,201
U.S.Treasury Notes/Bonds	4,328,998	1,762,830	1,252,540	1,118,690	194,938
Municipal Bonds	2,490,109	582,106	1,908,003	0	0
Commercial Paper	8,697,952	7,670,822	1,027,130	0	0
Total Fair Value - Level Two Inputs	22,004,825	10,510,118	7,128,686	3,533,994	832,027
Net Value Per Share					
STAR Ohio	697,212	697,212	0	0	0
Total Investments	\$22,853,854	\$11,359,147	\$7,128,686	\$3,533,994	\$832,027

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, 2022. The mutual funds are measured at fair value 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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 6 - Deposits and Investments (continued)

The negotiable certificates of deposit are generally covered by FDIC insurance. The mutual funds, federal agency securities, and U.S. treasury notes/bonds carry a rating of Aaa by Moody's or AA+ or A-1+ by Standard and Poor's. The municipal bonds carry a rating of Aaa, Aa1, or Aa2 by Moody's or AA+, AA-, or AAA by Standard and Poor's. The commercial paper carries a rating of P-1 by Moody's. STAR Ohio carries a rating of AAA by Standard and Poor's. The School District has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that mutual funds must be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service, commercial paper must be rated in the highest category at the time of purchase by two nationally recognized standard rating services, and STAR Ohio maintain the highest rating provided 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:

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Negotiable Certificates of Deposit	\$1,814,004	7.94%
Federal Farm Credit Bank	4,290,349	18.77
Federal Home Loan Bank	383,413	1.68
U.S. Treasury	4,328,998	18.94
Municipal Bonds	2,490,109	10.90
Commercial Paper	8,697,952	38.06

Note 7 - Receivables

Receivables at June 30, 2022, consisted of accounts receivable (student fees and billings for user charged services), accrued interest, intergovernmental, income taxes, property taxes, and payment in lieu of 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 income taxes and property taxes, are expected to be collected within one year. Income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 7 - Receivables (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
General Fund	
East Central Ohio Educational Service Center	\$1,721
School Employees Retirement System	25,731
State of Ohio	1,752
Total General Fund	29,204
Classroom Facilities	
Ohio Facilities Construction Commission	9,964,756
Other Governmental Funds	
Food Service	100,025
ARP ESSER	39,093
Total Other Governmental Funds	139,118
Total Governmental Activities	\$10,133,078

Note 8 - Income Taxes

The School District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1995, and was renewed in 2020 for a ten year period. 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.

Note 9 - 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 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised 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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 9 - Property Taxes (continued)

Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Hancock 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, 2022, are available to finance fiscal year 2022 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, 2022, 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 were levied to finance current fiscal year operations and are 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, 2022, was \$429,219 in the General Fund, \$7,815 in the Classroom Facilities Maintenance special revenue fund, and \$87,126 in the Bond Retirement debt service fund. The amount available as an advance at June 30, 2021, was \$439,245 in the General Fund, \$7,915 in the Classroom Facilities Maintenance special revenue fund and \$92,935 in the Bond Retirement debt service fund.

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

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

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$179,352,330	78.56%	\$181,715,560	78.19%
Industrial/Commercial	32,040,410	14.03	32,663,870	14.05
Public Utility	16,909,140	7.41	18,027,440	7.76
Total Assessed Value	<u>\$228,301,880</u>	<u>100.00%</u>	<u>\$232,406,870</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$43.17		\$42.81	

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 10 - Payment in Lieu of Taxes

In accordance with agreements related to tax increment financing districts, the City of Findlay and Hancock County have entered into agreements with a number of property owners under which the City and County have granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City and County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be paid to the School District. The property owners' contractually promise to make these payments in lieu of taxes until the agreement expires.

Note 11 - Capital Assets

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

	Balance at 6/30/21	Additions	Reductions	Balance at 6/30/22
Governmental Activities				
Nondepreciable Capital Assets				
Land	\$1,048,400	\$0	\$0	\$1,048,400
Construction in Progress	3,123,166	25,440,303	(1,433,664)	27,129,805
Total Nondepreciable Capital Assets	4,171,566	25,440,303	(1,433,664)	28,178,205
Depreciable Capital Assets				
Land Improvements	1,316,220	1,808,664	(434,437)	2,690,447
Buildings and Building Improvements	15,811,405	51,436	(7,151)	15,855,690
Furniture, Fixtures, and Equipment	1,793,558	80,284	(174,026)	1,699,816
Vehicles	1,569,312	0	(299,922)	1,269,390
Total Depreciable Capital Assets	20,490,495	1,940,384	(915,536)	21,515,343
Less Accumulated Depreciation				
Land Improvements	(1,082,605)	(124,178)	420,253	(786,530)
Buildings and Building Improvements	(11,013,940)	(341,534)	2,315	(11,353,159)
Furniture, Fixtures, and Equipment	(1,302,227)	(90,762)	149,719	(1,243,270)
Vehicles	(711,549)	(88,492)	294,274	(505,767)
Total Accumulated Depreciation	(14,110,321)	(644,966)	866,561	(13,888,726)
Depreciable Capital Assets, Net	6,380,174	1,295,418	(48,975)	7,626,617
Governmental Activities Capital Assets, Net	\$10,551,740	\$26,735,721	(\$1,482,639)	\$35,804,822

During fiscal year 2022, the School District accepted contributions of nondepreciable and depreciable capital assets from outside sources with a fair value of \$1,539,863 and \$375,000, respectively.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 11 - Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$202,608
Special	15,530
Vocational	17,568
Support Services:	
Pupils	15,124
Instructional Staff	8,810
Administration	15,785
Fiscal	3,130
Operation and Maintenance of Plant	90,299
Pupil Transportation	89,742
Central	9,198
Non-Instructional Services	5,147
Extracurricular Activities	172,025
Total Depreciation Expense	\$644,966

Note 12 - 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 2022, the School District contracted for the following insurance coverage:

Coverage provided by The Schools of Ohio Risk Sharing Authority is as follows:	
Building and Contents	\$350,000,000
General School District Liability	
Per Occurrence	15,000,000
Aggregate	17,000,000
Automobile Liability	15,000,000
Uninsured Motorists	1,000,000

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 2022, 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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 12 - Risk Management (continued)

The School District participates in the Hancock County Schools Health Benefit Fund (Fund), a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The School District pays monthly premiums to the Fund for employee medical, dental, and vision insurance benefits. The Fund is responsible for the management and operations of the program. Upon withdrawal from the Fund, a participant is responsible for the payment of all Fund liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

The School District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The third party administrator, Sheakley Uniservice, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. Sheakley Uniservice, Inc. provides administrative, cost control, and actuarial services to the Plan.

Note 13 - Contractual Commitments

At fiscal year end, the amount of significant encumbrances expected to be honored upon performance by the vendor in fiscal year 2023 are as follows:

General Fund	\$385,195
Building Fund	2,556,129
Classroom Facilities Funds	24,637,934
Other Governmental Funds	838,407
Total	<u>\$28,417,665</u>

Note 14 - 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 have already occurred.

Note 14 - 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 this estimate annually.

The Ohio Revised Code limits the School District's obligation for these liabilities 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 Statements No. 68 and No. 75 assume the liability is solely the obligation of the employer because (1) they benefit from employee services and (2) State statute requires all funding to come from the employers. All pension contributions to date have come solely from the employer (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contribution to provide for OPEB benefits. In addition, health care plan enrollees pay a portion of the health care cost in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within thirty years. If the amortization period exceeds thirty 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 health care 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 fiscal year is included as an intergovernmental payable on both the accrual and modified accrual basis of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description - School District nonteaching 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. The report can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - 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 thirty years. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three year COLA suspension is in effect for all benefit recipients for 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board approved a .5 percent cost of living adjustment for eligible retirees and beneficiaries for calendar year 2021.

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, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District's contractually required contribution to SERS was \$240,528 for fiscal year 2022. Of this amount, \$18,651 is reported as an intergovernmental payable.

Note 14 - Defined Benefit Pension Plans (continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DBP 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 to preserve the fiscal integrity of the retirement system. Benefit recipients base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty. Eligibility changes for DBP members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age sixty or thirty years of service credit at any age.

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

The CP offers features of both the DBP and the DCP. In the CP, 12 percent of the 14 percent member rate is deposited into the member's DCP account and the remaining 2 percent is applied to the DBP. Member contributions to the DCP are allocated among investment choices by the member and contributions to the DBP from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DBP. The defined benefit portion of the CP payment is payable to a member on or after age sixty 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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - Defined Benefit Pension Plans (continued)

New members who choose the DCP or CP 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 CP 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 Statement No. 68 reporting purposes.

A DBP or CP 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 DCP 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 DCP 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. For the fiscal year ended June 30, 2022, the employer and employee rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$981,330 for fiscal year 2022. Of this amount, \$136,007 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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:			
Prior Measurement Date	0.05692680%	0.055325420%	
Current Measurement Date	<u>0.05666160%</u>	<u>0.056618936%</u>	
Change in Proportionate Share	<u>0.00026520%</u>	<u>0.001293516%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,090,650	\$7,239,241	\$9,329,891
Pension Expense	(\$68,732)	\$24,014	(\$44,718)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - Defined Benefit Pension Plans (continued)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$202	\$223,658	\$223,860
Changes of Assumptions	44,023	2,008,295	2,052,318
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	0	251,839	251,839
School District Contributions Subsequent to the Measurement Date	240,528	981,330	1,221,858
Total Deferred Outflows of Resources	\$284,753	\$3,465,122	\$3,749,875
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$54,219	\$45,376	\$99,595
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,076,745	6,238,839	7,315,584
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	17,631	138,543	156,174
Total Deferred Inflows of Resources	\$1,148,595	\$6,422,758	\$7,571,353

\$1,221,858 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as pension expense as follows.

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$279,266)	(\$1,011,163)	(\$1,290,429)
2024	(238,598)	(828,641)	(1,067,239)
2025	(256,011)	(917,897)	(1,173,908)
2026	(330,495)	(1,181,265)	(1,511,760)
Total	(\$1,104,370)	(\$3,938,966)	(\$5,043,336)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - 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 the 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 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 pension liability in the latest actuarial valuation prepared as of June 30, 2021, compared with June 30, 2020, are presented below.

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.5 percent to 18.2 percent 2.5 percent
Investment Rate of Return	7 percent net of System expenses	7.5 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward one year and adjusted 94.2 percent for males and set forward two 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 five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - Defined Benefit Pension Plans (continued)

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projections and a five year set back for both males and females. Mortality among service retired members and beneficiaries was based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates. Mortality among disabled members was based on the RP-2000 Disabled Mortality Table; 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the pension plan investments has been determined using a building-block approach and assumes a time horizon as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating 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 rebalanced uncorrelated asset classes.

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

Discount Rate - The total pension liability for 2021 was calculated using the discount rate of 7 percent. The discount rate for 2020 was 7.5 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 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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - Defined Benefit Pension Plans (continued)

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 percent as well as what the plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6 percent) or one percentage point higher (8 percent) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
School District's Proportionate Share of the Net Pension Liability	\$3,478,326	\$2,090,650	\$920,360

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below.

	June 30, 2021	June 30, 2020
Inflation	2.5 percent	2.5 percent
Projected salary increases	12.5 percent at age 20 to 2.5 percent at age 65	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7 percent	7.45 percent
Payroll Increases	3 percent	3 percent
Cost-of-Living Adjustments (COLA)	0 percent	0 percent

Postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were 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. Preretirement mortality rates were based on the RP-2014 Employee Mortality Table, projected forward generationally using Mortality Improvement Scale MP-2016.

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 14 - Defined Benefit Pension Plans (continued)

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

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

* 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 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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 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 percent) or one percentage point higher (8 percent) than the current rate.

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
School District's Proportionate Share of the Net Pension Liability	\$13,556,387	\$7,239,241	\$1,901,264

Note 14 - Defined Benefit Pension Plans (continued)

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

Social Security System

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, 2022, four of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 15 - Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

Plan Description - The School District contributes to the SERS Health Care Fund administered by SERS for nonteaching retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. The SERS Health Care Plan provides health care benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need ten 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 sixty-five 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 State statute. The financial report of the Plan is included in the SERS Annual Financial Report which can be obtained by visiting the SERS website at www.ohsers.org under employers/audit resources.

Note 15 - Defined Benefit OPEB Plans (continued)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). The 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 establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, 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, prorated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. State statute provides 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 2022, the School District's surcharge obligation was \$35,211.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, is the amount assigned to the Health Care Fund. The School District's contribution to SERS for health care was \$35,211 for fiscal year 2022. Of this amount, \$35,211 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the health care 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 postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to postemployment health care.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 - Defined Benefit OPEB Plans (continued)

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability 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.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.05917400%	0.055325420%	
Current Measurement Date	<u>0.05848550%</u>	<u>0.056618936%</u>	
Change in Proportionate Share	<u>0.00068850%</u>	<u>0.001293516%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,106,887	\$0	\$1,106,887
Net OPEB Asset	\$0	\$1,193,764	\$1,193,764
OPEB Expense	(\$15,090)	(\$78,858)	(\$93,948)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$11,798	\$42,506	\$54,304
Changes of Assumptions	173,644	76,252	249,896
Changes in Proportionate Share and Difference Between School District Contributions and Proportionate Share of Contributions	11,507	19,089	30,596
School District Contributions Subsequent to the Measurement Date	<u>35,211</u>	<u>0</u>	<u>35,211</u>
Total Deferred Outflows of Resources	<u>\$232,160</u>	<u>\$137,847</u>	<u>\$370,007</u>
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$551,279	\$218,719	\$769,998
Changes of Assumptions	151,579	712,167	863,746
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	24,047	330,891	354,938
Changes in Proportionate Share and Difference between School District Contributions and Proportionate Share of Contributions	<u>31,497</u>	<u>10,981</u>	<u>42,478</u>
Total Deferred Inflows of Resources	<u>\$758,402</u>	<u>\$1,272,758</u>	<u>\$2,031,160</u>

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 - Defined Benefit OPEB Plans (continued)

\$35,211 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 or increase in the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows.

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$127,841)	(\$321,544)	(\$449,385)
2024	(128,010)	(313,266)	(441,276)
2025	(125,043)	(315,985)	(441,028)
2026	(106,148)	(138,216)	(244,364)
2027	(56,556)	(47,090)	(103,646)
Thereafter	(17,855)	1,190	(16,665)
Total	(\$561,453)	(\$1,134,911)	(\$1,696,364)

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 modification 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.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 - Defined Benefit OPEB Plans (continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below.

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.5 percent to 18.2 percent
Investment Rate of Return	7 percent net of investment expense, including inflation	7.5 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.4 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.4 percent	7 to 4.75 percent

For 2021, 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 one year and adjusted 94.20 percent for males and set forward two 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 five years and adjusted 103.3 percent for males and set forward three 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 one 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.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projections with Scale BB; 120 percent of male rates and 110 percent of female rates and the RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates, set back five years.

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

Note 15 - Defined Benefit OPEB Plans (continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five year experience study. The most recent study covers fiscal years 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7 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 ten 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 14.

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure the total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the retirement system at the State statute contribution rate of 1.5 percent of projected covered employee payroll each year which includes a 1.5 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, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 - Defined Benefit OPEB Plans (continued)

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 rates. The following table presents the net OPEB liability of SERS and what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27 percent) or one percentage point higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.4 percent) and one percentage point higher (7.75 percent decreasing to 5.4 percent) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's Proportionate Share of the Net OPEB Liability	\$1,371,566	\$1,106,887	\$895,441

	1% Decrease (5.75% Decreasing to 3.4%)	Current Trend Rate (6.75% Decreasing to 4.4%)	1% Increase (7.75% Decreasing to 5.4%)
School District's Proportionate Share of the Net OPEB Liability	\$852,212	\$1,106,887	\$1,447,053

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below.

	June 30, 2021	June 30, 2020
Projected salary increases	12.5 percent at age 20 to 2.5 percent at age 65	12.5 percent at age 20 to 2.5 percent at age 65
Investment Rate of Return	7 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5 percent initial, 4 percent ultimate	5 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 - Defined Benefit OPEB Plans (continued)

For healthy retirees, the mortality rates were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. For disabled retirees, mortality rates were 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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 14.

Discount Rate - The discount rate used to measure the total OPEB liability was 7 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and the Health Care Cost Trend Rates - The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7 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 percent) or one percentage point higher (8 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%)	Current Discount Rate (7%)	1% Increase (8%)
School District's Proportionate Share of the Net OPEB Asset	\$1,007,352	\$1,193,764	\$1,349,483
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Asset	\$1,343,173	\$1,193,764	\$1,009,005

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 15 - Defined Benefit OPEB Plans (continued)

Changes Between the Measurement Date and the Reporting date - In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

Note 16 - Other Employee Benefits

A. Compensated Absences

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

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

B. Health Care Benefits

The School District provides medical, dental, and vision insurance to all employees through the Hancock County Schools Health Benefit Fund. The School District offers life insurance to all employees through the Ohio Schools Council. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

Note 17 - Long-Term Obligations

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

	Balance at 6/30/21	Additions	Reductions	Balance at 6/30/22	Amounts Due Within One Year
General Obligation Bonds					
FY 2020 School Facilities					
Construction and Improvement Bonds					
Serial Bonds 3% - 5%	\$10,285,000	\$0	\$770,000	\$9,515,000	\$470,000
Term Bonds 3% - 4%	14,570,000	0	0	14,570,000	0
Premium	2,103,818	0	65,176	2,038,642	0
Total General Obligation Bonds	<u>26,958,818</u>	<u>0</u>	<u>835,176</u>	<u>26,123,642</u>	<u>470,000</u>

(continued)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 17 - Long-Term Obligations (continued)

	Balance at 6/30/21	Additions	Reductions	Balance at 6/30/22	Amounts Due Within One Year
Net Pension Liability					
SERS	\$3,765,259	\$0	\$1,674,609	\$2,090,650	\$0
STRS	13,386,782	0	6,147,541	7,239,241	0
Total Net Pension Liability	<u>17,152,041</u>	<u>0</u>	<u>7,822,150</u>	<u>9,329,891</u>	<u>0</u>
Net OPEB Liability					
SERS	1,286,045	0	179,158	1,106,887	0
Compensated Absences Payable	913,464	18,088	25,078	906,474	36,523
Total Governmental Activities Long-Term Liabilities	<u>\$46,310,368</u>	<u>\$18,088</u>	<u>\$8,861,562</u>	<u>\$37,466,894</u>	<u>\$506,523</u>

FY 2020 School Facilities Construction and Improvement Bonds - On December 3, 2019, the School District issued general obligation bonds, in the amount of \$25,590,000, for improving and constructing school buildings and facilities. The bond issue includes serial and term bonds, in the original amount of \$11,020,000 and \$14,570,000, respectively. The bonds were issued for a thirty-five fiscal year period, with final maturity in fiscal year 2055. The bonds are being retired through the Bond Retirement debt service fund.

The term bonds maturing on November 1, 2044, 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 date of redemption, on November 1 in the years and the respective principal amounts as follows:

Year	Amount
2040	\$735,000
2041	765,000
2042	795,000
2043	830,000

The remaining principal, in the amount of \$860,000, will be paid at stated maturity on November 1, 2044.

The term bonds maturing on November 1, 2048, 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 date of redemption, on November 1 in the years and the respective principal amounts as follows:

Year	Amount
2045	\$895,000
2046	930,000
2047	970,000

The remaining principal, in the amount of \$1,010,000, will be paid at stated maturity on November 1, 2048.

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 17 - Long-Term Obligations (continued)

The term bonds maturing on November 1, 2054, 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 date of redemption, on November 1 in the years and the respective principal amounts as follows:

Year	Amount
2049	\$1,050,000
2050	1,080,000
2051	1,110,000
2052	1,145,000
2053	1,180,000

The remaining principal, in the amount of \$1,215,000, will be paid at stated maturity on November 1, 2054.

The serial bonds are subject to prior redemption on or after November 1, 2029, by and at the sole option of the School District, either in whole on any date or in part on any interest payment date, and in integral multiples of \$5,000, at 100 percent of the principal amount redeemed plus accrued interest to the redemption date.

As of June 30, 2022, \$7,683,866 of bond proceeds had been spent.

There is no repayment schedule for the net pension/OPEB liability; however, employer contributions are made from the General Fund, and the Food Service, School Aged Child Care, and ESSER special revenue funds. For additional information related to the net pension liability and net OPEB liability, see Note 14 and Note 15 to the basic financial statements.

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

The School District's overall debt margin was (\$1,627,093) with an unvoted debt margin of \$232,407 at June 30, 2022. The School District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated as a "special needs" school district.

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

Fiscal Year Ending June 30,	General Obligation Bonds			
	Serial	Term	Interest	Total
2023	\$470,000	\$0	\$893,750	\$1,363,750
2024	370,000	0	876,950	1,246,950
2025	385,000	0	859,925	1,244,925
2026	400,000	0	840,300	1,240,300
2027	420,000	0	819,800	1,239,800

(continued)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 17 - Long-Term Obligations (continued)

Fiscal Year Ending June 30,	General Obligation Bonds			
	Serial	Term	Interest	Total
2028-2032	\$2,445,000	\$0	\$3,762,450	\$6,207,450
2033-2037	2,980,000	0	3,224,900	6,204,900
2038-2042	2,045,000	1,500,000	2,640,500	6,185,500
2043-2047	0	4,310,000	1,857,400	6,167,400
2048-2052	0	5,220,000	953,000	6,173,000
2053-2055	0	3,540,000	161,400	3,701,400
	<u>\$9,515,000</u>	<u>\$14,570,000</u>	<u>\$16,890,375</u>	<u>\$40,975,375</u>

Note 18 - 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	Building Fund	Classroom Facilities	Other Governmental	Total Governmental Funds
Nonspendable for:					
Materials and Supplies					
Inventory	\$19,433	\$0	\$0	\$2,293	\$21,726
Prepaid Items	10,682	0	0	223	10,905
Total Nonspendable	<u>30,115</u>	<u>0</u>	<u>0</u>	<u>2,516</u>	<u>32,631</u>
Restricted for:					
Athletics and Music	0	0	0	41,998	41,998
Debt Retirement	0	0	0	1,541,289	1,541,289
Food Service Operations	0	0	0	427,718	427,718
Permanent Improvements	0	5,975,857	9,422,615	289,673	15,688,145
Regular Instruction	0	0	0	32,336	32,336
School Aged Childcare	0	0	0	165,902	165,902
Student Activities	0	0	0	140,519	140,519
Student Wellness	0	0	0	205,722	205,722
Vocational Instruction	0	0	0	499	499
Total Restricted	<u>0</u>	<u>5,975,857</u>	<u>9,422,615</u>	<u>2,845,656</u>	<u>18,244,128</u>

(continued)

Liberty-Benton Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 18 - Fund Balance (continued)

Fund Balance	General	Building Fund	Classroom Facilities	Other Governmental	Total Governmental Funds
Committed for:					
Permanent Improvements	\$0	\$0	\$0	\$157,599	\$157,599
Scholarships	2,722	0	0	0	2,722
Termination Benefits	137,746	0	0	0	137,746
Total Committed	140,468	0	0	157,599	298,067
Assigned for:					
Extracurricular Activities	72,078	0	0	0	72,078
Permanent Improvements	0	0	0	1,902,364	1,902,364
Unpaid Obligations	327,973	0	0	0	327,973
Total Assigned	400,051	0	0	1,902,364	2,302,415
Unassigned	8,936,555	0	0	(39,093)	8,897,462
Total Fund Balance	\$9,507,189	\$5,975,857	\$9,422,615	\$4,869,042	\$29,774,703

Note 19 - 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 2022.

	Capital Improvements
Balance June 30, 2021	\$0
Current Year Set Aside Requirement	264,274
Current Year Offsets	(264,274)
Balance June 30, 2022	\$0

Note 20 - Interfund Transfers

During fiscal year 2022, the General Fund made transfers to the other governmental funds, in the amount of \$663,667 to subsidize permanent improvements and operations of other governmental funds. The Bond Retirement Fund made a transfer of excess funds to the Permanent Improvement –BRF capital projects fund, in the amount of \$164,511, as allowed by Ohio Revised Code 5705.14(C)(2). The Building Fund made a transfer to the Classroom Facilities Fund, in the amount of \$923,127, to adjust the amount of funding to be received from the Ohio Facilities Construction Commission.

Note 21 - Jointly Governed Organizations

A. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties and the cities of St. Marys and Wapakoneta. 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 governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member entities within each county plus one representative from the fiscal agent school district. During fiscal year 2021, the School District paid \$45,295 to NOACSC for various services. Financial information can be obtained from Ray Burden, who serves as director, at 4277 East Road, Elida, Ohio 45807.

B. Hancock County Local Professional Development Committee

The Hancock County Local Professional Development Committee (HCLPDC) was established in 1999 to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The HCLPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The HCLPDC is governed by a fourteen member Executive Board. Financial information can be obtained from the Hancock County Educational Service Center, who serves as fiscal agent, 7746 County Road 140, Findlay, Ohio 45840.

C. Bay Area Council of Governments

The Bay Area Council of Governments (Council) is a jointly governed organization among school districts which was formed to purchase quality products and services at the lowest possible cost to the participants. The Council is governed by a board consisting of seven superintendents from the participating school districts. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained from the Bay Area Council of Governments, North Point Educational Service Center, 1210 East Bogart Road, Sandusky, Ohio 44870.

The School District participates in the Council's prepaid natural gas program. This program allows the School District to purchase natural gas at reduced rates. The School District makes monthly payments based on estimated usage. Each month the estimates are compared to actual usage and adjustments are made.

Note 22 - 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 superintendents, treasurers, and business managers. Financial information can be obtained from SORSA, 555 Metro Place North, Suite 645, Dublin, Ohio 43017.

B. Hancock County Schools Health Benefit Fund

The Hancock County Schools Health Benefit Fund is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the consultant concerning aspects of the administration of the Fund.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

C. Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (Plan) was established through the Ohio Association of School Business Officials as an insurance purchasing pool. The Plan's business and affairs are conducted by a five member OASBO Board of Directors. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

Note 23 - 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, 2022.

Note 23 - Contingencies (continued)

B. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2022 have been finalized and resulted in a liability to the School District totaling \$16,271. This amount was not reported on the financial statements.

C. Litigation

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

Note 24 - COVID-19

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

Liberty-Benton 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 Nine Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.05666160%	0.05692680%	0.05755610%	0.05735210%
School District's Proportionate Share of the Net Pension Liability	\$2,090,650	\$3,765,259	\$3,443,682	\$3,284,661
School District's Employee Payroll	\$1,966,179	\$2,005,764	\$1,979,200	\$1,886,052
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	106.33%	187.72%	173.99%	174.16%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(1) Information prior to 2014 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

2018	2017	2016	2015	2014
0.05742740%	0.05623430%	0.05273670%	0.04875700%	0.04875700%
\$3,431,160	\$4,115,831	\$3,009,207	\$2,467,564	\$2,899,422
\$1,877,786	\$1,756,264	\$1,597,193	\$1,583,924	\$1,594,695
182.72%	234.35%	188.41%	155.79%	181.82%
69.50%	62.98%	69.16%	71.70%	65.52%

Liberty-Benton 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 Six Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.05848550%	0.05917400%	0.05906580%	0.05827800%
School District's Proportionate Share of the Net OPEB Liability	\$1,106,887	\$1,286,045	\$1,485,381	\$1,616,790
School District's Employee Payroll	\$1,966,179	\$2,005,764	\$1,979,200	\$1,886,052
School District's Proportionate Share of the Net OPEB Liability as a Percentage of Employee Payroll	56.30%	64.12%	75.05%	85.72%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%

(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

<u>2018</u>	<u>2017</u>
0.05827850%	0.05705380%
\$1,564,042	\$1,626,244
\$1,877,786	\$1,756,264
83.29%	92.60%
12.46%	11.49%

Liberty-Benton 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 Nine Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.056618936%	0.05532542%	0.05618540%	0.05546544%
School District's Proportionate Share of the Net Pension Liability	\$7,239,241	\$13,386,782	\$12,425,064	\$12,195,605
School District's Employee Payroll	\$7,219,921	\$6,729,500	\$6,331,786	\$6,406,414
School District's Proportionate Share of the Net Pension Liability as a Percentage of Employee Payroll	100.27%	198.93%	196.23%	190.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Information prior to 2014 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

2018	2017	2016	2015	2014
0.05602550%	0.05499964%	0.05506630%	0.05554252%	0.05554252%
\$13,308,978	\$18,410,039	\$15,218,715	\$13,509,863	\$16,092,861
\$6,196,771	\$5,679,329	\$5,766,814	\$5,698,431	\$5,411,062
214.77%	324.16%	263.90%	237.08%	297.41%
75.30%	66.80%	72.10%	74.70%	69.30%

Liberty-Benton 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 Six Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.056618936%	0.05532542%	0.05618540%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$1,193,764)	(\$972,343)	(\$930,565)
School District's Employee Payroll	\$7,219,921	\$6,729,500	\$6,331,786
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Employee Payroll	-16.53%	-14.45%	-14.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(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
0.05546544%	0.05602550%	0.05499964%
(\$891,273)	\$2,185,908	\$2,941,395
\$6,406,414	\$6,196,771	\$5,679,329
-13.91%	35.27%	51.79%
176.00%	47.10%	37.30%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$240,528	\$275,265	\$280,807	\$267,192
Contributions in Relation to the Contractually Required Contribution	<u>(240,528)</u>	<u>(275,265)</u>	<u>(280,807)</u>	<u>(267,192)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll (1)	\$1,718,057	\$1,966,179	\$2,005,764	\$1,979,200
Pension Contributions as a Percentage of Employee Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	\$35,211	\$37,848	\$38,493	\$46,333
Contributions in Relation to the Contractually Required Contribution	<u>(35,211)</u>	<u>(37,848)</u>	<u>(38,493)</u>	<u>(46,333)</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>2.05%</u>	<u>1.92%</u>	<u>1.92%</u>	<u>2.34%</u>
Total Contributions as a Percentage of Employee Payroll (2)	<u>16.05%</u>	<u>15.92%</u>	<u>15.92%</u>	<u>15.84%</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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$254,617	\$262,890	\$245,877	\$210,510	\$219,532	\$220,706
<u>(254,617)</u>	<u>(262,890)</u>	<u>(245,877)</u>	<u>(210,510)</u>	<u>(219,532)</u>	<u>(220,706)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$1,886,052	\$1,877,786	\$1,756,264	\$1,597,193	\$1,583,924	\$1,594,695
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
\$41,333	\$31,777	\$29,155	\$41,388	\$27,070	\$25,954
<u>(41,333)</u>	<u>(31,777)</u>	<u>(29,155)</u>	<u>(41,388)</u>	<u>(27,070)</u>	<u>(25,954)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>2.19%</u>	<u>1.69%</u>	<u>1.66%</u>	<u>2.59%</u>	<u>1.71%</u>	<u>1.63%</u>
<u>15.69%</u>	<u>15.69%</u>	<u>15.66%</u>	<u>15.77%</u>	<u>15.57%</u>	<u>15.47%</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net Pension Liability				
Contractually Required Contribution	\$981,330	\$1,010,789	\$942,130	\$886,450
Contributions in Relation to the Contractually Required Contribution	<u>(981,330)</u>	<u>(1,010,789)</u>	<u>(942,130)</u>	<u>(886,450)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Employee Payroll	\$7,009,500	\$7,219,921	\$6,729,500	\$6,331,786
Pension Contributions as a Percentage of Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
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

2018	2017	2016	2015	2014	2013
\$896,898	\$867,548	\$795,106	\$807,354	\$740,796	\$703,438
(896,898)	(867,548)	(795,106)	(807,354)	(740,796)	(703,438)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,406,414	\$6,196,771	\$5,679,329	\$5,766,814	\$5,698,431	\$5,411,062
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$0	\$56,984	\$54,111
0	0	0	0	(56,984)	(54,111)
<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%	1.00%	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>

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions - SERS

Beginning in fiscal year 2022, an assumption of 2 percent was used for COLA or Ad Hoc COLA. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. 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.

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	2.4 percent	3 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.5 percent to 18.2 percent	4 percent to 22 percent
Investment Rate of Return	7 percent net of system expenses	7.5 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 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 one year and adjusted 94.2 percent for males and set forward two 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 five years and adjusted 103.3 percent for males and set forward three 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.

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.5 percent	2.5 percent	2.75 percent
Projected salary increases	12.5 percent at age 20 to 2.5 percent at age 65	12.5 percent at age 20 to 2.5 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7 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 percent, effective July 1, 2017	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 2018, postretirement mortality rates for healthy retirees were based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age sixty-nine, 70 percent of rates between ages seventy and seventy-nine, 90 percent of rates between ages eighty and eighty-four, and 100 percent of rates thereafter, projected forward generationally using Mortality Improvement Scale MP-2016. Postretirement disabled mortality rates were 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. Preretirement mortality rates were based on the 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 were set back two years through age eighty-nine and no set back for age ninety and above. Females younger than age eighty were set back four years, one year set back from age eighty through eighty-nine, and no set back from age ninety and above.

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.

	2022	2021 and Prior
Inflation	2.4 percent	3 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.5 percent to 18.2 percent
Investment Rate of Return	7 percent net of investment expense, including inflation	7.5 percent net of investment expense, including inflation

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

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 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 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.

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.

Liberty-Benton Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

For fiscal year 2020, there was no change to the claims cost 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 cost process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on the 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.

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LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
<u>Child Nutrition Cluster</u>		
School Breakfast Program		
Cash Assistance	10.553	<u>107,064</u>
National School Lunch Program		
COVID-19 Cash Assistance	10.555	52
Cash Assistance	10.555	495,851
Non-Cash Assistance (Food Distribution)	10.555	<u>69,463</u>
Total National School Lunch Program		565,366
Total Child Nutrition Cluster		<u>672,430</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	<u>614</u>
Total U.S. Department of Agriculture		<u>673,044</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	95,080
<u>Special Education Cluster</u>		
Special Education Grants to States	84.027	296,394
ARP IDEA Part B Special Education Grants to States	84.027X	<u>71,059</u>
Total Special Education Grants to States		367,453
Special Education Preschool Grants	84.173	6,381
ARP Preschool Special Education Preschool Grants	84.173X	<u>5,258</u>
Total Special Education Preschool Grants		11,639
Total Special Education Cluster		<u>379,092</u>
Improving Teacher Quality State Grants	84.367	26,946
Student Support and Academic Enrichment Program	84.424	10,000
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	8,000
ARP ESSER Education Stabilization Fund (ESSER III)	84.425U	<u>434,059</u>
Total COVID-19 Education Stabilization Fund		<u>442,059</u>
Total U.S. Department of Education		<u>953,177</u>
Total Expenditures of Federal Awards		<u><u>\$1,626,221</u></u>

The accompanying notes are an integral part of this schedule.

**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Liberty-Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840

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 Liberty-Benton Local School District, Hancock County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 21, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

Liberty-Benton Local School District
Hancock County
9190 County Road 9
Findlay, Ohio 45840

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2023

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**LIBERTY-BENTON LOCAL SCHOOL DISTRICT
HANCOCK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



LIBERTY BENTON LOCAL SCHOOL DISTRICT

HANCOCK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/30/2023

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This report is a matter of public record and is available online at
www.ohioauditor.gov