

**MOUNT GILEAD EXEMPTED VILLAGE
SCHOOL DISTRICT
MORROW COUNTY, OHIO**

SINGLE AUDIT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2023**

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Mount Gilead Exempted Village School District
145 North Cherry Street
Mount Gilead, Ohio 43338

We have reviewed the *Independent Auditor's Report* of Mount Gilead Exempted Village School District, Morrow County, prepared by Julian & Grube, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 12, 2024

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**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY, OHIO**

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MORROW COUNTY, OHIO**

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Independent Auditor's Report

Mount Gilead Exempted Village School District
Morrow County
145 North Cherry Street
Mount Gilead, Ohio 43338

To the Members of the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Gilead Exempted Village School District, Morrow County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mount Gilead Exempted Village School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Gilead Exempted Village School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with 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 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 Mount Gilead Exempted Village School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Mount Gilead Exempted Village School 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School 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, schedules of net pension and other postemployment benefit assets and liabilities and pension and other postemployment benefit contributions, and budgetary comparison information listed in the table of contents 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 Mount Gilead Exempted Village School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 December 29, 2023 on our consideration of the Mount Gilead Exempted Village School District's internal control over financial reporting and on 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 Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 29, 2023

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Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The discussion and analysis of Mount Gilead Exempted Village School District’s (the “District”) financial performance provides an overall review of the District’s financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District’s financial performance as a whole; readers should also review notes to the basic financial statements and financial statements to enhance their understanding of the District’s performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position of governmental activities increased \$1,627,815 which represents a 10% increase from fiscal year 2022.
- Governmental Activities – General revenues accounted for \$14,921,257 in revenue or 80% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,619,424 or 20% of total revenues of \$18,540,681.
- The District had \$16,912,866 in expenses related to governmental activities; \$3,619,424 of these expenses were offset by program specific charges for services, grants or contributions. Governmental Activities – General revenues of \$14,921,257 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, “How did we do financially during fiscal year 2023?” The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include *all assets and deferred outflows of resources, and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

The District as a Whole

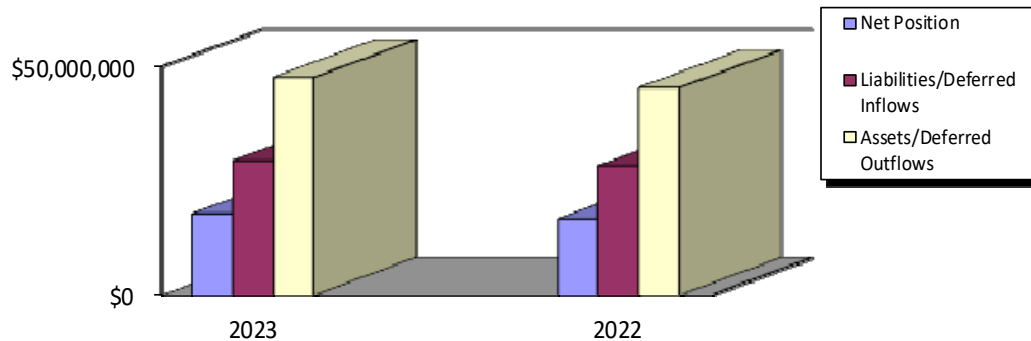
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2023 compared to fiscal year 2022:

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**Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

**Table 1
Net Position**

| | Governmental Activities | |
|---|-------------------------|---------------------|
| | 2023 | 2022 |
| Assets: | | |
| Current and Other Assets | \$22,483,813 | \$21,160,372 |
| Net OPEB Asset | 1,157,505 | 878,991 |
| Capital Assets | 19,578,298 | 18,118,154 |
| Total Assets | 43,219,616 | 40,157,517 |
| Deferred Outflows of Resources: | | |
| OPEB | 500,042 | 521,802 |
| Pension | 3,803,821 | 3,197,170 |
| Total Deferred Outflows of Resources | 4,303,863 | 3,718,972 |
| Liabilities: | | |
| Other Liabilities | 1,788,230 | 1,293,672 |
| Long-Term Liabilities | 17,077,476 | 12,144,486 |
| Total Liabilities | 18,865,706 | 13,438,158 |
| Deferred Inflows of Resources: | | |
| Property Taxes | 7,473,314 | 6,128,899 |
| OPEB | 2,003,880 | 1,828,794 |
| Pension | 1,218,034 | 6,145,908 |
| Total Deferred Inflows of Resources | 10,695,228 | 14,103,601 |
| Net Position: | | |
| Net Investment in Capital Assets | 17,090,606 | 14,906,081 |
| Restricted | 3,457,105 | 2,511,110 |
| Unrestricted | (2,585,166) | (1,082,461) |
| Total Net Position | \$17,962,545 | \$16,334,730 |



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2023, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$17,962,545.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

At year-end, capital assets represented 45% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, and equipment. The net investment in capital assets to acquire the assets at June 30, 2023, was \$17,090,606. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$3,457,105 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased from the prior year mainly due to an increase in cash.

Capital Assets increased mainly due to current year additions exceeding current year depreciation expense and an increase in construction in progress. Total liabilities increased due to the increase in net pension liability.

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

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Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Table 2
Changes in Net Position

| | Governmental Activities | |
|---|-------------------------|---------------------|
| | 2023 | 2022 |
| Revenues: | | |
| Program Revenues | | |
| Charges for Services and Sales | \$690,995 | \$456,386 |
| Operating Grants and Contributions | 2,928,429 | 3,226,366 |
| General Revenues: | | |
| Income Taxes | 3,552,714 | 3,343,161 |
| Property Taxes | 4,045,056 | 4,424,198 |
| Grants and Entitlements | 6,582,774 | 6,582,026 |
| Other | 740,713 | 65,142 |
| Total Revenues | <u>18,540,681</u> | <u>18,097,279</u> |
| Program Expenses: | | |
| Instruction | 8,585,615 | 6,297,074 |
| Support Services: | | |
| Pupil and Instructional Staff | 1,592,426 | 1,316,121 |
| School Administrative, General | | |
| Administration, Fiscal and Business | 2,863,957 | 2,218,766 |
| Operations and Maintenance | 1,289,356 | 1,582,432 |
| Pupil Transportation | 1,005,488 | 666,338 |
| Central | 134,029 | 104,976 |
| Operation of Non-Instructional Services | 728,078 | 412,400 |
| Extracurricular Activities | 638,647 | 524,761 |
| Interest and Fiscal Charges | 75,270 | 91,035 |
| Total Program Expenses | <u>16,912,866</u> | <u>13,213,903</u> |
| Change in Net Position | 1,627,815 | 4,883,376 |
| Net Position - Beginning of Year | <u>16,334,730</u> | <u>11,451,354</u> |
| Net Position - End of Year | <u>\$17,962,545</u> | <u>\$16,334,730</u> |

The District revenues are mainly from two sources. Property taxes levied for general, special revenue, debt services, and capital projects purposes and grants and entitlements comprised 57% of the District's revenues for governmental activities.

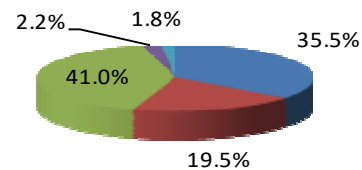
The District depends greatly on both income and property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$100.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$100.00.

**Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property and income taxes made up 41% of revenue for governmental activities for the District in fiscal year 2023.

**Governmental Activities
Revenue Sources**

| Revenue Sources | 2023 | Percent of Total |
|----------------------|---------------------|---------------------|
| General Grants | \$6,582,774 | 35.5% |
| Program Revenues | 3,619,424 | 19.5% |
| General Tax Revenues | 7,597,770 | 41.0% |
| Investment Earnings | 413,302 | 2.2% |
| Other Revenues | 327,411 | 1.8% |
| | <u>\$18,540,681</u> | <u>100.0%</u> |



Total revenue increased from the prior year mainly due to an increase in investment earnings. Total expenses increased from the prior year mainly due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and sales and operating grants and contributions offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements, investment earnings and other revenues.

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Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

Table 3
Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|---|------------------------|---------------------|-----------------------|----------------------|
| | 2023 | 2022 | 2023 | 2022 |
| Instruction | \$8,585,615 | \$6,297,074 | (\$6,644,787) | (\$4,254,472) |
| Support Services: | | | | |
| Pupil and Instructional Staff | 1,592,426 | 1,316,121 | (1,211,947) | (928,086) |
| School Administrative, General | | | | |
| Administration, Fiscal and Business | 2,863,957 | 2,218,766 | (2,443,712) | (2,042,035) |
| Operations and Maintenance | 1,289,356 | 1,582,432 | (1,289,356) | (1,402,158) |
| Pupil Transportation | 1,005,488 | 666,338 | (913,182) | (606,685) |
| Central | 134,029 | 104,976 | (134,029) | (104,976) |
| Operation of Non-Instructional Services | 728,078 | 412,400 | (171,983) | 221,648 |
| Extracurricular Activities | 638,647 | 524,761 | (409,176) | (323,352) |
| Interest and Fiscal Charges | 75,270 | 91,035 | (75,270) | (91,035) |
| Total Expenses | <u>\$16,912,866</u> | <u>\$13,213,903</u> | <u>(\$13,293,442)</u> | <u>(\$9,531,151)</u> |

Instruction comprises 51% of governmental program expenses. Support services expenses were 41% of governmental program expenses. All other program expenses, including interest and fiscal charges, were 8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The District’s Funds

The District has two major governmental funds: the General Fund and Capital Projects Fund. Assets of the General Fund comprised \$15,795,854 (70%) and the Capital Projects fund comprised \$3,184,584 (14%) of the total \$22,685,100 governmental fund’s assets.

General Fund: Fund balance at June 30, 2023 was \$7,473,036, a decrease in fund balance of \$1,639,484 from fiscal year 2022. The primary reason for the decrease in fund balance was due to the increase in instructional expenditures when compared to the prior year.

Capital Projects Fund: Fund balance at June 30, 2023 was \$3,132,941, an increase in fund balance of \$1,308,388 from fiscal year 2022. The primary reason for the increase in fund balance was due to a \$3,000,000 transfer-in.

General Fund Budgeting Highlights

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

The District’s budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the original budgeted revenue and other financing sources was \$14,782,431 and the final budgeted revenue and other financing sources was \$15,408,063.

**Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

The District’s final budgeted revenue when compared to the actual revenue had a variance of \$68,911 mostly due to overestimating intergovernmental revenue. The District’s final budgeted expenditures when compared to actual expenditures had a variance of \$458,632 mostly due to overestimating instruction and support services expenditures.

The District’s ending unobligated actual fund balance for the General fund was \$6,802,775.

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the District had \$19,578,298 invested in land, land improvements, buildings and improvements, and equipment. Table 4 shows fiscal year 2023 balances compared to fiscal year 2022:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

| | Governmental Activities | |
|----------------------------|-------------------------|---------------------|
| | 2023 | 2022 |
| Land | \$26,121 | \$26,121 |
| Construction in Progress | 0 | 1,163,639 |
| Land Improvements | 158,220 | 182,562 |
| Buildings and Improvements | 17,162,100 | 15,014,496 |
| Equipment | 2,231,857 | 1,731,336 |
| Total Net Capital Assets | <u>\$19,578,298</u> | <u>\$18,118,154</u> |

Overall, capital assets increased due to current year additions exceeding current year depreciation expense and construction in progress.

See Note 7 in the notes to the basic financial statements for further details on the District’s capital assets.

Long-Term Obligations

At June 30, 2023, the District had \$2,487,692 in debt outstanding, \$638,000 due within one year. Table 5 summarizes bonds outstanding.

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**Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

**Table 5
Outstanding Debt at Year End**

| | Governmental Activities | |
|---------------------------------|-------------------------|--------------------|
| | 2023 | 2022 |
| 2016 Refunding Bonds | \$1,630,000 | \$2,230,000 |
| Premium on 2016 Refunding Bonds | 100,692 | 117,473 |
| Notes Payable | 757,000 | 803,000 |
| Total | <u>\$2,487,692</u> | <u>\$3,150,473</u> |

See Note 8 in the notes to the basic financial statements for further details on the District’s outstanding debt.

For the Future

All of the District’s financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer’s office at Mount Gilead Exempted Village School District, 145 North Cherry Street, Mount Gilead, Ohio 43338.

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Mount Gilead Exempted Village School District, Ohio
Statement of Net Position
June 30, 2023

| | Governmental Activities |
|---------------------------------------|----------------------------|
| Assets: | |
| Equity in Pooled Cash and Investments | \$12,659,359 |
| Receivables (Net): | |
| Taxes | 9,507,871 |
| Accounts | 30,999 |
| Intergovernmental | 267,311 |
| Prepays | 8,464 |
| Inventory | 9,809 |
| Nondepreciable Capital Assets | 26,121 |
| Depreciable Capital Assets, Net | 19,552,177 |
| Net OPEB Asset | 1,157,505 |
| | <hr/> |
| Total Assets | 43,219,616 |
| Deferred Outflows of Resources: | |
| Pension | 3,803,821 |
| OPEB | 500,042 |
| | <hr/> |
| Total Deferred Outflows of Resources | 4,303,863 |
| Liabilities: | |
| Accounts Payable | 127,826 |
| Accrued Wages and Benefits | 1,447,257 |
| Accrued Interest Payable | 6,901 |
| Unearned Revenue | 206,246 |
| Long-Term Liabilities: | |
| Due Within One Year | 664,945 |
| Due In More Than One Year | |
| Net Pension Liability | 13,199,156 |
| Net OPEB Liability | 859,969 |
| Other Amounts | 2,353,406 |
| | <hr/> |
| Total Liabilities | 18,865,706 |
| Deferred Inflows of Resources: | |
| Property Taxes | 7,473,314 |
| OPEB | 2,003,880 |
| Pension | 1,218,034 |
| | <hr/> |
| Total Deferred Inflows of Resources | 10,695,228 |
| Net Position: | |
| Net Investment in Capital Assets | 17,090,606 |
| Restricted for: | |
| Debt Service | 656,249 |
| Capital Projects | 641,470 |
| Facilities Maintenance | 709,569 |
| Federally Funded Programs | 517 |
| Food Service | 158,202 |
| Net OPEB Asset | 1,157,505 |
| Other Purposes | 133,593 |
| Unrestricted | (2,585,166) |
| | <hr/> |
| Total Net Position | \$17,962,545 |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2023

| | Expenses | Program Revenues | | Net (Expense) Revenue and |
|---|---------------------|--------------------|--------------------|---------------------------|
| | | Charges for | Operating Grants | Changes in Net Position |
| | | Services and Sales | and Contributions | Governmental |
| | | | | Activities |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$5,914,047 | \$85,794 | \$358,403 | (\$5,469,850) |
| Special | 2,327,384 | 178,340 | 1,233,905 | (915,139) |
| Vocational | 341,783 | 0 | 55,702 | (286,081) |
| Other | 2,401 | 28,684 | 0 | 26,283 |
| Support Services: | | | | |
| Pupil | 1,211,856 | 0 | 285,705 | (926,151) |
| Instructional Staff | 380,570 | 0 | 94,774 | (285,796) |
| General Administration | 75,504 | 0 | 0 | (75,504) |
| School Administration | 2,030,201 | 0 | 419,003 | (1,611,198) |
| Fiscal | 757,953 | 0 | 1,242 | (756,711) |
| Business | 299 | 0 | 0 | (299) |
| Operations and Maintenance | 1,289,356 | 0 | 0 | (1,289,356) |
| Pupil Transportation | 1,005,488 | 0 | 92,306 | (913,182) |
| Central | 134,029 | 0 | 0 | (134,029) |
| Operation of Non-Instructional Services | 728,078 | 168,706 | 387,389 | (171,983) |
| Extracurricular Activities | 638,647 | 229,471 | 0 | (409,176) |
| Interest and Fiscal Charges | 75,270 | 0 | 0 | (75,270) |
| Totals | \$16,912,866 | \$690,995 | \$2,928,429 | (13,293,442) |

| | |
|---|---------------------|
| General Revenues: | |
| Income Taxes | 3,552,714 |
| Property Taxes Levied for: | |
| General Purposes | 3,046,536 |
| Special Revenue Purposes | 97,279 |
| Debt Service Purposes | 633,212 |
| Capital Projects Purposes | 268,029 |
| Grants and Entitlements, Not Restricted | 6,582,774 |
| Investment Earnings | 413,302 |
| Other Revenues | 327,411 |
| Total General Revenues | 14,921,257 |
| Change in Net Position | 1,627,815 |
| Net Position - Beginning of Year | 16,334,730 |
| Net Position - End of Year | \$17,962,545 |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

| | General | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Investments | \$7,112,815 | \$3,184,584 | \$2,361,960 | \$12,659,359 |
| Receivables (Net): | | | | |
| Taxes | 8,443,269 | 0 | 1,064,602 | 9,507,871 |
| Accounts | 30,999 | 0 | 0 | 30,999 |
| Intergovernmental | 0 | 0 | 267,311 | 267,311 |
| Interfund | 201,287 | 0 | 0 | 201,287 |
| Prepays | 7,484 | 0 | 980 | 8,464 |
| Inventory | 0 | 0 | 9,809 | 9,809 |
| Total Assets | 15,795,854 | 3,184,584 | 3,704,662 | 22,685,100 |
| Liabilities: | | | | |
| Accounts Payable | 52,005 | 51,643 | 24,178 | 127,826 |
| Accrued Wages and Benefits | 1,274,643 | 0 | 172,614 | 1,447,257 |
| Compensated Absences | 5,262 | 0 | 0 | 5,262 |
| Interfund Payable | 0 | 0 | 201,287 | 201,287 |
| Unearned Revenue | 0 | 0 | 206,246 | 206,246 |
| Total Liabilities | 1,331,910 | 51,643 | 604,325 | 1,987,878 |
| Deferred Inflows of Resources: | | | | |
| Property Taxes | 6,760,720 | 0 | 957,125 | 7,717,845 |
| Income Taxes | 230,188 | 0 | 0 | 230,188 |
| Grants and Other Taxes | 0 | 0 | 115,572 | 115,572 |
| Total Deferred Inflows of Resources | 6,990,908 | 0 | 1,072,697 | 8,063,605 |
| Fund Balances: | | | | |
| Nonspendable | 7,484 | 0 | 980 | 8,464 |
| Restricted | 0 | 0 | 2,243,445 | 2,243,445 |
| Assigned | 748,020 | 3,132,941 | 0 | 3,880,961 |
| Unassigned | 6,717,532 | 0 | (216,785) | 6,500,747 |
| Total Fund Balances | 7,473,036 | 3,132,941 | 2,027,640 | 12,633,617 |
| Total Liabilities, Deferred Inflows and Fund Balances | \$15,795,854 | \$3,184,584 | \$3,704,662 | \$22,685,100 |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2023

| | | |
|--|--------------------|---------------------|
| Total Governmental Fund Balance | | \$12,633,617 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | |
| Capital assets used in the operation of Governmental Funds | | 19,578,298 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds. | | |
| Income Taxes | \$230,188 | |
| Delinquent Property Taxes | 244,531 | |
| Intergovernmental | <u>115,572</u> | |
| | | 590,291 |
| In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. | | |
| | | (6,901) |
| Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds. | | |
| Compensated Absences | | (525,397) |
| Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds. | | |
| Deferred outflows of resources related to pensions | 3,803,821 | |
| Deferred inflows of resources related to pensions | (1,218,034) | |
| Deferred outflows of resources related to OPEB | 500,042 | |
| Deferred inflows of resources related to OPEB | <u>(2,003,880)</u> | |
| | | 1,081,949 |
| Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds. | | |
| Net OPEB Asset | 1,157,505 | |
| Net Pension Liability | (13,199,156) | |
| Net OPEB Liability | (859,969) | |
| Other Amounts | <u>(2,487,692)</u> | |
| | | <u>(15,389,312)</u> |
| Net Position of Governmental Activities | | <u>\$17,962,545</u> |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2023

| | General | Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|--------------------|---------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Property and Other Taxes | \$3,053,568 | \$0 | \$980,433 | \$4,034,001 |
| Income Taxes | 3,544,533 | 0 | 0 | 3,544,533 |
| Tuition and Fees | 292,818 | 0 | 0 | 292,818 |
| Investment Earnings | 413,302 | 0 | 0 | 413,302 |
| Intergovernmental | 7,279,041 | 0 | 2,171,785 | 9,450,826 |
| Extracurricular Activities | 49,995 | 0 | 172,669 | 222,664 |
| Charges for Services | 0 | 0 | 168,706 | 168,706 |
| Other Revenues | 281,147 | 0 | 53,072 | 334,219 |
| Total Revenues | 14,914,404 | 0 | 3,546,665 | 18,461,069 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,983,368 | 0 | 378,721 | 5,362,089 |
| Special | 1,788,636 | 0 | 509,856 | 2,298,492 |
| Vocational | 303,224 | 0 | 0 | 303,224 |
| Other | 2,142 | 0 | 300 | 2,442 |
| Support Services: | | | | |
| Pupil | 970,059 | 0 | 249,405 | 1,219,464 |
| Instructional Staff | 285,784 | 0 | 81,100 | 366,884 |
| General Administration | 75,952 | 0 | 0 | 75,952 |
| School Administration | 1,596,902 | 0 | 432,882 | 2,029,784 |
| Fiscal | 728,108 | 0 | 32,581 | 760,689 |
| Business | 299 | 0 | 0 | 299 |
| Operations and Maintenance | 1,531,231 | 0 | 164,562 | 1,695,793 |
| Pupil Transportation | 858,693 | 0 | 381,775 | 1,240,468 |
| Central | 0 | 134,029 | 0 | 134,029 |
| Operation of Non-Instructional Services | 500 | 0 | 714,002 | 714,502 |
| Extracurricular Activities | 399,955 | 0 | 159,748 | 559,703 |
| Capital Outlay | 0 | 1,557,583 | 4,616 | 1,562,199 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 0 | 646,000 | 646,000 |
| Interest and Fiscal Charges | 0 | 0 | 93,352 | 93,352 |
| Total Expenditures | 13,524,853 | 1,691,612 | 3,848,900 | 19,065,365 |
| Excess of Revenues Over (Under) Expenditures | 1,389,551 | (1,691,612) | (302,235) | (604,296) |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 0 | 3,000,000 | 13,406 | 3,013,406 |
| Transfers (Out) | (3,029,035) | 0 | 0 | (3,029,035) |
| Total Other Financing Sources (Uses) | (3,029,035) | 3,000,000 | 13,406 | (15,629) |
| Net Change in Fund Balance | (1,639,484) | 1,308,388 | (288,829) | (619,925) |
| Fund Balance - Beginning of Year | 9,112,520 | 1,824,553 | 2,316,469 | 13,253,542 |
| Fund Balance - End of Year | \$7,473,036 | \$3,132,941 | \$2,027,640 | \$12,633,617 |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balance - Total Governmental Funds (\$619,925)

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

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

| | | |
|--|-------------|-----------|
| Capital assets used in governmental activities | \$2,370,408 | |
| Depreciation Expense | (910,264) | |
| | | 1,460,144 |

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.

| | | |
|---|-------------|---------|
| District pension contributions | 1,195,639 | |
| Cost of benefits earned net of employee contributions - Pension | (1,418,574) | |
| District OPEB contributions | 40,147 | |
| Cost of benefits earned net of employee contributions - OPEB | 292,015 | |
| | | 109,227 |

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

| | | |
|---------------------------|--------|--------|
| Income Taxes | 8,181 | |
| Delinquent Property Taxes | 11,055 | |
| Intergovernmental | 60,376 | |
| | | 79,612 |

Repayment of bond, current refunding bonds and notes principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

| | | |
|--------------------------|---------|---------|
| General Obligation Bonds | 600,000 | |
| Notes Payable | 46,000 | |
| | | 646,000 |

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.

1,301

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|----------------------|--|----------|
| Compensated Absences | | (83,543) |
|----------------------|--|----------|

In the statement of activities, bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

| | | |
|------------------------------|--|--------|
| Amortization of Bond Premium | | 16,781 |
|------------------------------|--|--------|

The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

| | | |
|---|--|--------|
| Change in Net Position - Internal Service Funds | | 18,218 |
|---|--|--------|

| | | |
|---|--|-------------|
| Change in Net Position of Governmental Activities | | \$1,627,815 |
|---|--|-------------|

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Net Position
Proprietary Fund
June 30, 2023

| | <u>Governmental Activities- Internal Service Fund</u> |
|---------------------------------------|---|
| Current Assets: | |
| Equity in Pooled Cash and Investments | <u>\$0</u> |
| Total Assets | <u>0</u> |
| Liabilities: | |
| Current Liabilities: | |
| Interfund Payable | <u>0</u> |
| Total Liabilities | <u>0</u> |
| Net Position: | |
| Unrestricted | <u>0</u> |
| Total Net Position | <u>\$0</u> |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Revenues, Expenses
and Change in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

| | <u>Governmental Activities- Internal Service Fund</u> |
|----------------------------------|---|
| Operating Revenues: | |
| Other Revenues | <u>\$2,589</u> |
| Total Operating Revenues | <u>2,589</u> |
| Operating Expenses: | |
| Claims | <u>0</u> |
| Total Operating Expenses | <u>0</u> |
| Operating Income (Loss) | <u>2,589</u> |
| Transfers In | <u>15,629</u> |
| Change in Net Position | 18,218 |
| Net Position - Beginning of Year | <u>(18,218)</u> |
| Net Position - End of Year | <u>\$0</u> |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2023

| | <u>Governmental Activities- Internal Service Fund</u> |
|--|---|
| Cash Flows from Operating Activities: | |
| Receipts from Interfund Services Provided | <u>\$2,589</u> |
| Net Cash Provided (Used) by Operating Activities | <u>2,589</u> |
| Cash Flows from Noncapital Financing Activities: | |
| Payments from Other Funds | 15,629 |
| Payments to Other Funds | <u>(18,218)</u> |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(2,589)</u> |
| Net Increase (Decrease) in Cash and Investments | 0 |
| Cash and Investments - Beginning of Year | <u>0</u> |
| Cash and Investments - End of Year | <u>0</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | |
| Operating Income (Loss) | <u>2,589</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$2,589</u></u> |

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 1 - Description of the School District

The Mount Gilead Exempted Village School District (the "District") is located in Morrow County, including all of the Village of Mount Gilead, Ohio, and portions of surrounding townships. The District serves an area of approximately 68 square miles.

The District was established in 1873 through the consolidation of existing land areas and school districts, and in 1960, the Edison School District also became part of the Mount Gilead Exempted Village School District. The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 406th largest by enrollment among the 905 public school districts and community schools in the State and the 2nd largest in Morrow County. It currently operates one elementary school and one combined building for the middle school and high school. The District employs 40 non-certified and 92 certified employees to provide services to approximately 1,160 students in grades K through 12 and various community groups.

Note 2 - Summary of Significant Accounting Policies

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

Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, there were no potential component units that met the criteria imposed by GASB statement No. 14 and No. 61 to be included in the District's reporting

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

entity.

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

Jointly Governed Organizations

META Solutions -The District is a participant in the META Solutions. META Solutions is an association of public school districts within the boundaries of Franklin, Delaware, Morrow, Union, Pickaway, Madison and Fairfield counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The governing board of META Solutions consists of one representative from each of the member school districts. Financial information can be obtained from the fiscal officer, at 2100 Citygate Drive, Columbus, Ohio 43219.

Tri Rivers Career Center The Tri Rivers Career Center (the “Career Center”) is a distinct political subdivision of the State of Ohio. The Career Center is operated under the direction of a Board consisting of one representative from each of the participating school district’s elected board, and one representative from the Educational Service Center of Central Ohio. The Career Center possesses its own budgeting and taxing authority. Financial information is available from the Tri Rivers Career Center, at 2222 Marion/Mount Gilead Road, Marion, Ohio 43302.

Related Organization

Mount Gilead Public Library The Mount Gilead Public Library (the “Library”) is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library’s operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and has issued tax related debt on behalf of the Library, its role is limited to a ministerial function. The Library may issue debt and determines its own budget.

Insurance Purchasing Pools

Ohio School Benefits Cooperative Effective July 1, 2022 the School District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of 39 members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrators. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs of medical, prescription drug, vision, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants paid an initial \$500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision dental and/or life insurance. A second option is available for self insured participants that provides for the purchase of stop-loss insurance coverage through OSBC’s third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. The School District elected to participate in the joint insurance purchasing program for medical and prescription drug insurance.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Workers' Compensation The District has initiated a comprehensive change to CompManagement out of Dublin, Ohio to bring the MCO (Manage Care Organization) and the Workers' Compensation to an integrated deployment.

Fund Accounting

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

Governmental Funds

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

The following is the District's major governmental fund:

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary and trust funds. The District also uses the capital projects fund to pay initial functional costs, such as textbooks, involved in opening a facility, therefore all expenditures are not recorded as capital outlay.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

Proprietary Fund

Proprietary funds are used to account for the District's ongoing activities, which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund – Prior to July 1, 2022, the internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program, which provides medical/surgical, dental and vision benefits to employees. The District became traditionally insured through an insurance pool during fiscal year 2022.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District reported no fiduciary funds for fiscal year 2023.

Basis of Presentation and Measurement Focus

Government-wide financial statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund financial statements -Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is other revenues. Operating expenses for internal service funds typically include claims and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an 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 period 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 year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, school district income tax, and grants.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include pension and other post employment benefits. These amounts are reported on the government-wide statement of net position. For more pension and OPEB related information, see in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, pension, OPEB, and income

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taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes and income taxes have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. For more pension and OPEB related information, see Notes 10 and 11.

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

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

Equity in Pooled Cash and Investments

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

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements, are reported at cost.

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. 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 these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$413,302.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District

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are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment account at fiscal year end is provided.

Prepaid Items

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

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

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

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> |
|----------------------------|--|
| Land Improvements | 15 - 20 years |
| Buildings and Improvements | 20 - 70 years |
| Equipment | 5 -15 years |

Interfund Activity

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

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On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the Statement of Net Position.

Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2022, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service; or twenty years of service at any age were considered expected to become eligible to retire.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. Compensated absences will be paid from the fund from which the employees’ salaries are paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

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

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Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

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

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Those 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 obligations.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit cash balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows/inflows of resources are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component

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of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the \$3,457,105 in restricted net position, none were restricted by enabling legislation.

Parochial School

Mount Gilead Christian School operates within the District's boundaries. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and fiduciary responsibility of these State monies by the District is reflected in a nonmajor governmental fund for financial reporting purposes.

Pensions/Other Postemployment Benefits (OPEB)

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

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

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Interim Monies – 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 monies held by the District can 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 two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
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. The investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

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date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, all of the District’s bank balance of \$4,451,650 was covered by FDIC.

The 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 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% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2023, the District had the following investments:

| Investment Type | Net Asset Value | Weighted Average Maturity (Years) |
|-------------------------------------|--------------------|-----------------------------------|
| STAR Ohio | \$8,702,191 | 0.11 |
| Total Net Asset Value | <u>\$8,702,191</u> | |
| Portfolio Weighted Average Maturity | | 0.11 |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District’s recurring fair value measurements as of June 30, 2023. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the total maturity of its investment portfolio to five years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard

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rating service. Investments in STAR Ohio were rated AAAM by Standard & Poors.

Concentration of Credit Risk – The District’s investment policy allows investments in U.S. Agencies or Instrumentalities. The District places no limit on the amount the District may invest in any one issuer. The District has 100% invested in STAR Ohio.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District’s securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. The District receives property taxes from Morrow County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2024 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operation and is reported as revenue at fiscal year-end. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current fiscal operations.

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

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The assessed value, by property classification, upon which taxes collected in, 2023 were based as follows:

| | <u>2022</u> | <u>2023</u> |
|---|----------------------|----------------------|
| Agricultural/Residential and Other Real Estate | \$180,231,960 | \$184,455,540 |
| Public Utility Personal | <u>11,917,160</u> | <u>12,760,500</u> |
| Total | <u>\$192,149,120</u> | <u>\$197,216,040</u> |

Note 5 - School District Income Tax

The District maintains a .75% continuing tax and a .75% tax expiring in 2024. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal year 2023, credited to the General Fund, was \$3,544,533.

Note 6 – Receivables

Receivables at June 30, 2023, consisted of taxes, intergovernmental grants, and interfund. 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 are expected to be received within one year.

Note 7 - Capital Assets

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

| | <u>Beginning Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending Balance</u> |
|--|------------------------------|--------------------|--------------------|---------------------------|
| Governmental Activities | | | | |
| <i>Capital Assets, not being depreciated:</i> | | | | |
| Land | \$26,121 | \$0 | \$0 | \$26,121 |
| Construction in Progress | <u>1,163,639</u> | <u>0</u> | <u>1,163,639</u> | <u>0</u> |
| Total Capital Assets, not being depreciated | <u>1,189,760</u> | <u>0</u> | <u>1,163,639</u> | <u>26,121</u> |
| <i>Capital Assets, being depreciated:</i> | | | | |
| Land Improvements | 561,904 | 0 | 0 | 561,904 |
| Buildings and Improvements | 22,472,977 | 2,618,992 | 0 | 25,091,969 |
| Equipment | <u>8,709,690</u> | <u>915,055</u> | <u>0</u> | <u>9,624,745</u> |
| Totals at Historical Cost | <u>32,934,331</u> | <u>3,534,047</u> | <u>1,163,639</u> | <u>35,304,739</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | 379,342 | 24,342 | 0 | 403,684 |
| Buildings and Improvements | 7,458,481 | 471,388 | 0 | 7,929,869 |
| Equipment | <u>6,978,354</u> | <u>414,534</u> | <u>0</u> | <u>7,392,888</u> |
| Total Accumulated Depreciation | <u>14,816,177</u> | <u>910,264</u> | <u>0</u> | <u>15,726,441</u> |
| Governmental Activities Capital Assets, Net | <u>\$18,118,154</u> | <u>\$2,623,783</u> | <u>\$1,163,639</u> | <u>\$19,578,298</u> |

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Depreciation expense was charged to governmental functions as follows:

| | |
|---|-------------------------|
| Instruction: | |
| Regular | \$564,892 |
| Special | 5,306 |
| Vocational | 19,733 |
| Support Services: | |
| Pupil | 3,666 |
| Instructional Staff | 16,126 |
| School Administration | 10,936 |
| Operations and Maintenance | 32,521 |
| Pupil Transportation | 149,356 |
| Operation of Non-Instructional Services | 24,299 |
| Extracurricular Activities | 83,429 |
| Total Depreciation Expense | <u><u>\$910,264</u></u> |

Note 8 - Long-Term Obligations

During the fiscal year 2023, the following changes occurred in governmental activities long-term obligations:

| | Rate | Beginning Balance | Additions | Deletions | Ending Balance | Due In One Year |
|---|-------|----------------------------|---------------------------|---------------------------|----------------------------|-------------------------|
| Governmental Activities: | | | | | | |
| General Obligation Bonds: | | | | | | |
| 2016 Refunding Bonds | 2.00% | \$2,230,000 | \$0 | (\$600,000) | \$1,630,000 | \$590,000 |
| Premium | | 117,473 | 0 | (16,781) | 100,692 | 0 |
| Notes Payable | | 803,000 | 0 | (46,000) | 757,000 | 48,000 |
| Subtotal Bonds and Notes Payable | | 3,150,473 | 0 | (662,781) | 2,487,692 | 638,000 |
| Compensated Absences | | 441,854 | 109,773 | (20,968) | 530,659 | 26,945 |
| Subtotal Bonds, Notes Payable and Other Amounts | | 3,592,327 | 109,773 | (683,749) | 3,018,351 | 664,945 |
| Net Pension Liability | | 7,441,696 | 5,757,460 | 0 | 13,199,156 | 0 |
| Net OPEB Liability | | 1,110,463 | 0 | (250,494) | 859,969 | 0 |
| Total Long-Term Liabilities | | <u><u>\$12,144,486</u></u> | <u><u>\$5,867,233</u></u> | <u><u>(\$934,243)</u></u> | <u><u>\$17,077,476</u></u> | <u><u>\$664,945</u></u> |

General obligation bonds will be paid from the debt service fund. Notes payable will be paid from the permanent improvement fund. Compensated absences will be paid from the fund from which the person is paid.

On August 4, 2015, the District issued \$5,055,000 in refunding Bonds. The proceeds of the bonds were used to refund \$5,055,000 of the District's outstanding 2005 School Facilities Construction and Improvement and Refunding Bonds. This refunding bond was issued with a premium of \$234,940, which is reported as an increase to other amounts payable. The premium is being amortized using the straight-line method.

The serial bonds totaling \$4,620,000 were issued with varying interest rates of 2.00 percent to 3.00 percent and will mature December 1, 2024. The term bonds of \$435,000 were issued with interest rates of 3.00 percent to 3.25 percent and will mature on December 1, 2028.

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On January 18, 2007, the District entered into a purchase agreement for school facilities construction through the OASBO Expanded Asset Pooled Financing Program. US Bank has been designated as trustee for the agreement. All of the District's projects were completed in fiscal year 2013.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Principal and interest requirements to retire long-term obligations outstanding at year end are as follows:

| Fiscal Year Ending June 30 | General Obligation Bonds | | | Notes Payable | | |
|-------------------------------|--------------------------|----------|-------------|---------------|-----------|-----------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2024 | \$590,000 | \$39,875 | \$629,875 | \$48,000 | \$33,718 | \$81,718 |
| 2025 | 605,000 | 22,687 | 627,687 | 51,000 | 31,441 | 82,441 |
| 2026 | 105,000 | 12,037 | 117,037 | 53,000 | 29,049 | 82,049 |
| 2027 | 105,000 | 8,887 | 113,887 | 55,000 | 26,565 | 81,565 |
| 2028 | 110,000 | 5,525 | 115,525 | 58,000 | 23,966 | 81,966 |
| 2029-2033 | 115,000 | 1,869 | 116,869 | 335,000 | 76,015 | 411,015 |
| 2034-2035 | 0 | 0 | 0 | 157,000 | 7,291 | 164,291 |
| Total | \$1,630,000 | \$90,880 | \$1,720,880 | \$757,000 | \$228,045 | \$985,045 |

Note 9 - Risk Management

Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District contracted with the Ohio School Plan (OSP) for general liability insurance, property insurance and commercial umbrella insurance.

The OSP provides general liability coverage. The general liability coverage insures up to \$3,000,000 each occurrence and \$5,000,000 aggregate.

The OSP provides property, crime, and equipment breakdown insurance coverage. The property coverages insure up to a blanket limit of \$64,010,748 with a \$1,000 deductible, and commercial crime covers up to \$100,000 for theft, disappearance and destruction and \$100,000 for employee dishonesty.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years nor has insurance coverage been significantly reduced from prior year.

Workers' Compensation

For fiscal year 2023, the District participated in the CompManagement Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

applied to all school districts within that group. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedgewick provides administrative, cost control and actuarial services to the GRP.

Note 10 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

| | Eligible to Retire on or before August 1, 2017 * | Eligible to Retire 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023.

Funding Policy

Plan members are required to contribute 10.0% of their annual covered salary and the District is required to contribute 14.0% 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 10.0% for plan members and 14.0% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$327,487 for fiscal year 2023. Of this amount \$64,233 is reported as accrued wages and benefits.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% 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 0.0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3.0% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District’s contractually required contribution to STRS was \$868,152 for fiscal year 2023. Of this amount \$144,692 is reported as accrued wages and benefits.

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

The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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> |
|--|--------------------|--------------------|--------------|
| Proportionate Share of the Net Pension Liability | \$3,261,661 | \$9,937,496 | \$13,199,156 |
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 0.06030310% | 0.04470283% | |
| Prior Measurement Date | <u>0.05722140%</u> | <u>0.04168961%</u> | |
| Change in Proportionate Share | 0.00308170% | 0.00301322% | |
| Pension Expense | \$381,587 | \$1,036,988 | \$1,418,574 |

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

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Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

| | SERS | STRS | Total |
|--|------------------|--------------------|--------------------|
| <u>Deferred Outflows of Resources</u> | | | |
| Differences between expected and actual experience | 132,100 | 127,213 | \$259,313 |
| Changes of assumptions | 32,183 | 1,189,220 | 1,221,403 |
| Net difference between projected and actual earnings on pension plan investments | 0 | 345,803 | 345,803 |
| Changes in employer proportionate share of net pension liability | 208,919 | 572,744 | 781,663 |
| Contributions subsequent to the measurement date | 327,487 | 868,152 | 1,195,639 |
| Total Deferred Outflows of Resources | \$700,689 | \$3,103,132 | \$3,803,821 |
| <u>Deferred Inflows of Resources</u> | | | |
| Differences between expected and actual experience | 21,412 | 38,014 | \$59,426 |
| Changes of assumptions | 0 | 895,141 | 895,141 |
| Net difference between projected and actual earnings on pension plan investments | 113,817 | 0 | 113,817 |
| Changes in employer proportionate share of net pension liability | 0 | 149,650 | 149,650 |
| Total Deferred Inflows of Resources | \$135,229 | \$1,082,805 | \$1,218,034 |

\$1,195,639 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|--------------------------------|------------------|--------------------|--------------------|
| 2024 | \$165,966 | \$109,074 | \$275,040 |
| 2025 | \$45,452 | \$116,055 | 161,507 |
| 2026 | (\$162,590) | (\$80,778) | (243,368) |
| 2027 | \$189,145 | \$1,007,824 | 1,196,969 |
| Total | \$237,973 | \$1,152,175 | \$1,390,148 |

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan

Mount Gilead Exempted Village School District
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For the Fiscal Year Ended June 30, 2023

members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and compared with June 30, 2021, are presented below:

| | June 30, 2022 | June 30, 2021 |
|--|--|--|
| Inflation | 2.40% | 2.40% |
| Future Salary Increases, including inflation | 3.25% to 13.58% | 3.25% to 13.58% |
| COLA or Ad Hoc COLA | 2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement | 2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |
| Investment Rate of Return | 7.00% net of system expenses | 7.00% net of system expenses |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) | Entry Age Normal (Level Percent of Payroll) |

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

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

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

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Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Discount Rate

The total pension liability for 2022 was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|--|----------------------|-----------------------------------|----------------------|
| Proportionate share of the net pension liability | \$4,801,009 | \$3,261,661 | \$1,964,781 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

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Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

| | June 30, 2022 | June 30, 2021 |
|-----------------------------------|--|--|
| Inflation | 2.50% | 2.50% |
| Projected Salary Increases | From 2.50% to 8.50% based on age | 12.50% at age 20 to 2.50% at age 65 |
| Investment Rate of Return | 7.00% net of investments expense, including inflation | 7.00% net of investments expense, including inflation |
| Discount Rate of Return | 7.00% | 7.00% |
| Payroll Increases | 3.00% | 3.00% |
| Cost-of-Living Adjustments (COLA) | 0.00% | 0.00% |

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

* Final target weights reflected October 1, 2022.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

| | 1% Decrease 6.00% | Current Discount Rate 7.00% | 1% Increase 8.00% |
|--|-------------------------|-----------------------------------|-------------------------|
| Proportionate share of the net pension liability | \$15,011,938 | \$9,937,496 | \$5,646,088 |

Changes Between the Measurement Date and the Reporting Date

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

Mount Gilead Exempted Village School District
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Note 11 - Defined Benefit OPEB Plans

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$40,147.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$40,147 for fiscal year 2023.

Mount Gilead Exempted Village School District
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Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|--------------------|--------------------|--------------|
| Proportionate Share of the Net OPEB Liability | 859,969 | \$0 | \$859,969 |
| Proportionate Share of the Net OPEB (Asset) | 0 | (1,157,505) | (1,157,505) |
| Proportion of the Net OPEB Liability/Asset: | | | |
| Current Measurement Date | 0.06125090% | 0.04470283% | |
| Prior Measurement Date | <u>0.05867450%</u> | <u>0.04168961%</u> | |
| Change in Proportionate Share | 0.00257640% | 0.00301322% | |
| OPEB Expense | (25,774) | (266,242) | (\$292,015) |

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

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Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

| | SERS | STRS | Total |
|---|------------------|--------------------|--------------------|
| <u>Deferred Outflows of Resources</u> | | | |
| Differences between expected and actual experience | \$7,230 | \$16,780 | \$24,010 |
| Changes of assumptions | 136,789 | 49,305 | 186,094 |
| Net difference between projected and actual earnings on OPEB plan investments | 4,470 | 20,149 | 24,619 |
| Changes in employer proportionate share of net OPEB liability | 224,781 | 391 | 225,172 |
| Contributions subsequent to the measurement date | 40,147 | 0 | 40,147 |
| Total Deferred Outflows of Resources | \$413,417 | \$86,625 | \$500,042 |
| <u>Deferred Inflows of Resources</u> | | | |
| Differences between expected and actual experience | \$550,099 | \$173,836 | \$723,935 |
| Changes of assumptions | 353,024 | 820,784 | 1,173,808 |
| Changes in employer proportionate share of net OPEB liability | 24,222 | 81,915 | 106,137 |
| Total Deferred Inflows of Resources | \$927,345 | \$1,076,535 | \$2,003,880 |

\$40,147 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30: | SERS | STRS | Total |
|--------------------------------|--------------------|--------------------|----------------------|
| 2024 | (123,817) | (323,135) | (\$446,952) |
| 2025 | (133,279) | (282,666) | (415,945) |
| 2026 | (115,344) | (126,332) | (241,676) |
| 2027 | (58,763) | (52,184) | (110,947) |
| 2028 | (40,792) | (67,906) | (108,698) |
| Thereafter | (82,080) | (137,687) | (219,767) |
| Total | (\$554,075) | (\$989,910) | (\$1,543,985) |

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

| | June 30, 2022 | June 30, 2021 |
|---|---|---|
| Inflation | 2.40% | 2.40% |
| Future Salary Increases, Including Inflation | | |
| Wage Increases | 3.25% to 13.58% | 3.25% to 13.58% |
| Investment Rate of Return | 7.00% net of investment expense, including inflation | 7.00% net of investment expense, including inflation |
| Fiduciary Net Position is Projected to be Depleted | 2044 | 2042 |
| Municipal Bond Index Rate: | | |
| Measurement Date | 3.69% | 1.92% |
| Prior Measurement Date | 1.92% | 2.45% |
| Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation: | | |
| Measurement Date | 4.08% | 2.27% |
| Prior Measurement Date | 2.27% | 2.63% |
| Health Care Cost Trend Rate: | | |
| Medicare | 5.125% to 4.40% | 5.125% to 4.40% |
| Pre-Medicare | 6.75% to 4.40% | 6.75% to 4.40% |
| Medical Trend Assumption | 7.00% to 4.40% | 7.00% to 4.40% |

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021.

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

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

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

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate

| | 1% Decrease (3.08%) | Current Discount Rate (4.08%) | 1% Increase (5.08%) |
|---|---|--|---|
| Proportionate share of the net OPEB liability | \$1,068,094 | \$859,969 | \$691,955 |
| | 1% Decrease (6.00% decreasing to 3.40%) | Current Trend Rate (7.00% decreasing to 4.40%) | 1% Increase (8.00% decreasing to 5.40%) |
| Proportionate share of the net OPEB liability | \$663,190 | \$859,969 | \$1,116,994 |

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

| | June 30, 2022 | June 30, 2021 |
|----------------------------|---|---|
| Projected salary increases | Varies by service from 2.50% to 8.50% | Varies by service from 2.50% to 12.50% |
| Investment Rate of Return | 7.00%, net of investment expenses, including inflation | 7.00%, net of investment expenses, including inflation |
| Payroll Increases | 3.00% | 3.00% |
| Discount Rate of Return | 7.00% | 7.00% |
| Health Care Cost Trends: | | |
| Medical | | |
| Pre-Medicare | 7.50% initial, 3.94% ultimate | 5.00% initial, 4.00% ultimate |
| Medicare | -68.78% initial, 3.94% ultimate | -16.18% initial, 4.00% ultimate |
| Prescription Drug | | |
| Pre-Medicare | 9.00% initial, 3.94% ultimate | 6.50% initial, 4.00% ultimate |
| Medicare | -5.47% initial, 3.94% ultimate | 29.98% initial, 4.00% ultimate |

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, 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 actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net OPEB (asset) | (\$1,070,083) | (\$1,157,505) | (\$1,232,390) |

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|----------------|-----------------------|----------------|
| Proportionate share of the net OPEB (asset) | (\$1,200,614) | (\$1,157,505) | (\$1,103,090) |

Changes Between the Measurement Date and the Reporting Date

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.

Note 12 - Contingencies

Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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 at June 30, 2023.

Litigation

The District is not currently party to any legal proceedings, which would have a material impact on the financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 13 – Compliance and Accountability

Accountability - The following individual funds had a deficit in fund balance at year end:

| Fund | Deficit |
|--------------------------------|----------|
| Other Governmental Funds: | |
| IDEA, Part B | \$78,588 |
| Title I Sub School Improvement | 792 |
| Title I Disadvantaged Children | 112,511 |
| ESSER | 7,861 |
| IDEA Preschool Grant | 4 |
| Improveing Teacher Quality | 16,222 |

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 14 - Statutory Reserves

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2023, the reserve activity was as follows:

| | Capital Acquisition |
|---|-----------------------------|
| Set Aside Reserve Balance as of June 30, 2022 | \$0 |
| Current Year Set Aside Requirements | 221,923 |
| Qualified Disbursements | (1,718,046) |
| Current Year Offsets | 0 |
| Set Aside Reserve Balance as of June 30, 2023 | <u><u>(\$1,496,123)</u></u> |

Qualifying expenditures for capital acquisition exceeded the required set-aside amount.

Note 15 - Interfund Transactions

Interfund transactions at June 30, 2023, consisted of the following interfund receivables and interfund payables, and transfers in and transfers out:

| | Interfund | | Transfers | |
|--------------------------|------------------|------------------|--------------------|--------------------|
| | Receivable | Payable | In | Out |
| General Fund | \$201,287 | \$0 | \$0 | \$3,029,035 |
| Capital Project | 0 | 0 | \$3,000,000 | \$0 |
| Other Governmental Funds | 0 | 201,287 | 13,406 | 0 |
| Internal Service Fund | 0 | 0 | 15,629 | 0 |
| Total All Funds | <u>\$201,287</u> | <u>\$201,287</u> | <u>\$3,029,035</u> | <u>\$3,029,035</u> |

Interfund/transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations. All interfund balances are expected to be repaid within one year.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 16 – Fund Balances

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

| Fund Balances | General | Capital Projects | Other Governmental Funds | Total |
|----------------------------------|--------------------|---------------------|--------------------------------|---------------------|
| Nonspendable: | | | | |
| Prepays | \$7,484 | \$0 | \$980 | \$8,464 |
| Total Nonspendable | 7,484 | 0 | 980 | 8,464 |
| Restricted for: | | | | |
| Classroom Facilities Maintenance | 0 | 0 | 709,569 | 709,569 |
| Student Activity | 0 | 0 | 52,667 | 52,667 |
| Auxiliary Services | 0 | 0 | 34,320 | 34,320 |
| Miscellaneous State Grants | 0 | 0 | 0 | 0 |
| Food Service | 0 | 0 | 160,599 | 160,599 |
| Special Trust | 0 | 0 | 8,999 | 8,999 |
| Student Activity | 0 | 0 | 37,607 | 37,607 |
| Debt Service | 0 | 0 | 618,073 | 618,073 |
| Permanent Improvement | 0 | 0 | 621,611 | 621,611 |
| Total Restricted | 0 | 0 | 2,243,445 | 2,243,445 |
| Assigned to: | | | | |
| Capital Projects | 0 | 3,132,941 | 0 | 3,132,941 |
| Budgetary Resources | 512,141 | 0 | 0 | 512,141 |
| Public School Support | 60,865 | 0 | 0 | 60,865 |
| Encumbrances | 175,014 | 0 | 0 | 175,014 |
| Total Assigned | 748,020 | 3,132,941 | 0 | 3,880,961 |
| Unassigned (Deficit) | 6,717,532 | 0 | (216,785) | 6,500,747 |
| Total Fund Balance | <u>\$7,473,036</u> | <u>\$3,132,941</u> | <u>\$2,027,640</u> | <u>\$12,633,617</u> |

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Note 17 – Other Commitments

Contractual Commitments

As of June 30, 2023, the District had the following contractual construction commitments outstanding:

| <u>Construction Project Contract</u> | <u>Contract Amount</u> | <u>Amount Paid to Date</u> | <u>Remaining</u> |
|--------------------------------------|------------------------|----------------------------|------------------|
| Track & Field Renovations | \$1,891,109 | \$1,872,198 | \$18,911 |

Encumbrances

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

| <u>Fund</u> | <u>Amount</u> |
|--------------------|--------------------|
| General | \$258,827 |
| Capital Projects | 425,041 |
| Other Governmental | <u>663,266</u> |
| Total | <u>\$1,347,134</u> |

Note 18 – Implementation of New Accounting Principles

New Accounting Principles

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

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the School District.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the School District.

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REQUIRED SUPPLEMENTARY INFORMATION

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years (1)

| Year | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|--|---|----------------------------|--|--|
| 2023 | 0.06030310% | \$3,261,661 | \$2,251,664 | 144.86% | 75.82% |
| 2022 | 0.05722140% | 2,111,304 | 1,975,136 | 106.89% | 82.86% |
| 2021 | 0.05052510% | 3,341,837 | 1,771,300 | 188.67% | 68.55% |
| 2020 | 0.05072320% | 3,034,858 | 1,740,096 | 174.41% | 70.85% |
| 2019 | 0.05338940% | 3,057,710 | 1,763,348 | 173.40% | 71.36% |
| 2018 | 0.04934400% | 2,948,195 | 1,609,221 | 183.21% | 69.50% |
| 2017 | 0.05427430% | 3,972,378 | 1,685,557 | 235.67% | 62.98% |
| 2016 | 0.06087150% | 3,473,387 | 2,023,429 | 171.66% | 69.16% |
| 2015 | 0.06019100% | 3,046,232 | 1,766,703 | 172.42% | 71.70% |
| 2014 | 0.06019100% | 3,580,439 | 1,790,636 | 199.95% | 65.52% |

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

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

| Year | District's Contractually Required Contribution | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2023 | \$327,487 | (\$327,487) | \$0 | \$2,339,193 | 14.00% |
| 2022 | 315,233 | (315,233) | 0 | 2,251,664 | 14.00% |
| 2021 | 276,519 | (276,519) | 0 | 1,975,136 | 14.00% |
| 2020 | 247,982 | (247,982) | 0 | 1,771,300 | 14.00% |
| 2019 | 234,913 | (234,913) | 0 | 1,740,096 | 13.50% |
| 2018 | 238,052 | (238,052) | 0 | 1,763,348 | 13.50% |
| 2017 | 225,291 | (225,291) | 0 | 1,609,221 | 14.00% |
| 2016 | 235,978 | (235,978) | 0 | 1,685,557 | 14.00% |
| 2015 | 266,688 | (266,688) | 0 | 2,023,429 | 13.18% |
| 2014 | 244,865 | (244,865) | 0 | 1,766,703 | 13.86% |

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years (1)

| Year | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total Pension Liability |
|------|--|---|----------------------------|--|--|
| 2023 | 0.04470283% | \$9,937,496 | \$5,550,000 | 179.05% | 78.88% |
| 2022 | 0.04168961% | 5,330,392 | 4,988,571 | 106.85% | 87.78% |
| 2021 | 0.04075742% | 9,861,845 | 4,577,743 | 215.43% | 75.48% |
| 2020 | 0.04178205% | 9,239,849 | 4,831,714 | 191.23% | 77.40% |
| 2019 | 0.04350227% | 9,565,172 | 4,985,914 | 191.84% | 77.30% |
| 2018 | 0.04663505% | 11,078,256 | 5,531,229 | 200.29% | 75.30% |
| 2017 | 0.05140336% | 17,206,254 | 5,635,714 | 305.31% | 66.80% |
| 2016 | 0.05140990% | 14,208,193 | 5,153,229 | 275.71% | 72.10% |
| 2015 | 0.04909639% | 11,941,941 | 5,402,162 | 221.06% | 74.70% |
| 2014 | 0.04909639% | 14,186,852 | 5,798,585 | 244.66% | 69.30% |

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

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

| Year | District's Contractually Required Contribution | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2023 | \$868,152 | (\$868,152) | \$0 | \$6,201,086 | 14.00% |
| 2022 | 777,000 | (777,000) | 0 | 5,550,000 | 14.00% |
| 2021 | 698,400 | (698,400) | 0 | 4,988,571 | 14.00% |
| 2020 | 640,884 | (640,884) | 0 | 4,577,743 | 14.00% |
| 2019 | 676,440 | (676,440) | 0 | 4,831,714 | 14.00% |
| 2018 | 698,028 | (698,028) | 0 | 4,985,914 | 14.00% |
| 2017 | 774,372 | (774,372) | 0 | 5,531,229 | 14.00% |
| 2016 | 789,000 | (789,000) | 0 | 5,635,714 | 14.00% |
| 2015 | 721,452 | (721,452) | 0 | 5,153,229 | 14.00% |
| 2014 | 702,281 | (702,281) | 0 | 5,402,162 | 13.00% |

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Seven Fiscal Years (1) (2)

| Year | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability |
|------|---|--|----------------------------|---|---|
| 2023 | 0.06125090% | \$859,969 | \$2,251,664 | 38.19% | 30.34% |
| 2022 | 0.05867450% | 1,110,463 | 1,975,136 | 56.22% | 24.08% |
| 2021 | 0.05241270% | 1,139,100 | 1,771,300 | 64.31% | 18.17% |
| 2020 | 0.05187700% | 1,304,597 | 1,740,096 | 74.97% | 15.57% |
| 2019 | 0.05399910% | 1,498,081 | 1,763,348 | 84.96% | 13.57% |
| 2018 | 0.04997760% | 1,341,267 | 1,609,221 | 83.35% | 12.46% |
| 2017 | 0.05468149% | 1,558,625 | 1,685,557 | 92.47% | 11.49% |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

| Year | District's Contractually Required Contribution (2) | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2023 | \$40,147 | (\$40,147) | \$0 | \$2,339,193 | 1.72% |
| 2022 | 37,905 | (37,905) | 0 | 2,251,664 | 1.68% |
| 2021 | 36,178 | (36,178) | 0 | 1,975,136 | 1.83% |
| 2020 | 33,590 | (33,590) | 0 | 1,771,300 | 1.90% |
| 2019 | 39,875 | (39,875) | 0 | 1,740,096 | 2.29% |
| 2018 | 37,259 | (37,259) | 0 | 1,763,348 | 2.11% |
| 2017 | 26,799 | (26,799) | 0 | 1,609,221 | 1.67% |
| 2016 | 29,252 | (29,252) | 0 | 1,685,557 | 1.74% |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Seven Fiscal Years (1) (2)

| Year | District's Proportion of the Net OPEB (Asset)/Liability | District's Proportionate Share of the Net OPEB (Asset)/Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability |
|------|---|--|----------------------------|---|---|
| 2023 | 0.04470283% | (\$1,157,505) | \$5,550,000 | (20.86%) | 230.73% |
| 2022 | 0.04168961% | (878,991) | 4,988,571 | (17.62%) | 174.73% |
| 2021 | 0.04075742% | (716,311) | 4,577,743 | (15.65%) | 182.13% |
| 2020 | 0.04178205% | (692,011) | 4,831,714 | (14.32%) | 174.74% |
| 2019 | 0.04350227% | (699,037) | 4,985,914 | (14.02%) | 176.00% |
| 2018 | 0.04663505% | 1,819,528 | 5,531,229 | 32.90% | 47.10% |
| 2017 | 0.05140336% | 2,749,065 | 5,635,714 | 48.78% | 37.30% |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1)

| Year | District's Contractually Required Contribution | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2023 | \$0 | \$0 | \$0 | \$6,201,086 | 0.00% |
| 2022 | 0 | 0 | 0 | 5,550,000 | 0.00% |
| 2021 | 0 | 0 | 0 | 4,988,571 | 0.00% |
| 2020 | 0 | 0 | 0 | 4,577,743 | 0.00% |
| 2019 | 0 | 0 | 0 | 4,831,714 | 0.00% |
| 2018 | 0 | 0 | 0 | 4,985,914 | 0.00% |
| 2017 | 0 | 0 | 0 | 5,531,229 | 0.00% |
| 2016 | 0 | 0 | 0 | 5,635,714 | 0.00% |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Mount Gilead Exempted Village School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
For the Fiscal Year Ended June 30, 2023

| | General Fund | | | |
|--|-----------------|--------------|-------------|----------------------------|
| | Original Budget | Final Budget | Actual | Variance from Final Budget |
| Revenues: | | | | |
| Property and Other Taxes | \$3,562,166 | \$3,712,926 | \$3,729,532 | \$16,606 |
| Income Taxes | 3,364,037 | 3,506,412 | 3,522,094 | 15,682 |
| Tuition and Fees | 279,678 | 291,514 | 292,818 | 1,304 |
| Investment Earnings | 394,755 | 411,462 | 413,302 | 1,840 |
| Intergovernmental | 6,952,387 | 7,246,631 | 7,279,041 | 32,410 |
| Other Revenues | 229,408 | 239,118 | 240,187 | 1,069 |
| Total Revenues | 14,782,431 | 15,408,063 | 15,476,974 | 68,911 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,688,212 | 4,992,844 | 4,857,490 | 135,354 |
| Special | 1,686,635 | 1,796,229 | 1,747,534 | 48,695 |
| Vocational | 288,659 | 307,416 | 299,082 | 8,334 |
| Other | 2,067 | 2,202 | 2,142 | 60 |
| Support Services: | | | | |
| Pupil | 890,366 | 948,220 | 922,514 | 25,706 |
| Instructional Staff | 272,383 | 290,082 | 282,218 | 7,864 |
| General Administration | 78,750 | 83,867 | 81,593 | 2,274 |
| School Administration | 1,492,080 | 1,589,033 | 1,545,955 | 43,078 |
| Fiscal | 720,182 | 766,978 | 746,186 | 20,792 |
| Business | 289 | 307 | 299 | 8 |
| Operations and Maintenance | 1,645,222 | 1,752,125 | 1,704,626 | 47,499 |
| Pupil Transportation | 816,635 | 869,698 | 846,121 | 23,577 |
| Extracurricular Activities | 380,549 | 405,277 | 394,290 | 10,987 |
| Total Expenditures | 12,962,029 | 13,804,278 | 13,430,050 | 374,228 |
| Excess of Revenues Over (Under) Expenditures | 1,820,402 | 1,603,785 | 2,046,924 | 443,139 |
| Other Financing Sources (Uses): | | | | |
| Transfers (Out) | (2,923,477) | (3,113,439) | (3,029,035) | 84,404 |
| Total Other Financing Sources (Uses) | (2,923,477) | (3,113,439) | (3,029,035) | 84,404 |
| Net Change in Fund Balance | (1,103,075) | (1,509,654) | (982,111) | 527,543 |
| Fund Balance - Beginning of Year (includes prior year encumbrances appropriated) | 7,784,886 | 7,784,886 | 7,784,886 | 0 |
| Fund Balance - End of Year | \$6,681,811 | \$6,275,232 | \$6,802,775 | \$527,543 |

See accompanying notes to the required supplementary information.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

Note 1 – Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any budgetary modification at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. Although the legal level of budgetary control was established at the fund level for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

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

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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 for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types (GAAP basis).
4. The District's Rotary, Public School Support, and the Termination Benefits funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone (budget basis).

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund.

| | Net Change in Fund Balance |
|----------------------|----------------------------|
| | <u>General</u> |
| GAAP Basis | (\$1,639,484) |
| Revenue Accruals | 562,570 |
| Expenditure Accruals | 353,323 |
| Encumbrances | <u>(258,520)</u> |
| Budget Basis | <u><u>(\$982,111)</u></u> |

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

Changes in Assumptions:

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

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

Changes in Assumptions:

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 2.27% |
| Measurement Date | 4.08% |
- (2) Municipal Bond Index Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 1.92% |
| Measurement Date | 3.69% |
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|------------------------|-------|
| Prior Measurement Date | 2.27% |
| Measurement Date | 4.08% |
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 2.63% |
| Measurement Date | 2.27% |
- (2) Investment Rate of Return:

| | |
|------------------------|-------|
| Prior Measurement Date | 7.50% |
|------------------------|-------|

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

- Measurement Date 7.00%
- (3) Assumed Rate of Inflation:
 - Prior Measurement Date 3.00%
 - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
 - Prior Measurement Date 3.50%
 - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
 - Prior Measurement Date 0.50%
 - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
 - Prior Measurement Date 2.45%
 - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 2.63%
 - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
 - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
 - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
 - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.13%
 - Measurement Date 2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.22%
 - Measurement Date 2.63%

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 3.70% |
| Measurement Date | 3.22% |
- (2) Municipal Bond Index Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 3.62% |
| Measurement Date | 3.13% |
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|------------------------|-------|
| Prior Measurement Date | 3.70% |
| Measurement Date | 3.22% |

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 3.63% |
| Measurement Date | 3.70% |
- (2) Municipal Bond Index Rate:

| | |
|------------------------|-------|
| Prior Measurement Date | 3.56% |
| Measurement Date | 3.62% |
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|------------------------|-------|
| Prior Measurement Date | 3.63% |
| Measurement Date | 3.70% |

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

| | |
|------------------|-------|
| Fiscal Year 2018 | 3.63% |
| Fiscal Year 2017 | 2.98% |
- (2) Municipal Bond Index Rate:

| | |
|------------------|-------|
| Fiscal Year 2018 | 3.56% |
| Fiscal Year 2017 | 2.92% |
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

| | |
|------------------|-------|
| Fiscal Year 2018 | 3.63% |
| Fiscal Year 2017 | 2.98% |

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

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

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% 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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

Changes in Assumptions:

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75% to 7.45%. 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

SUPPLEMENTARY INFORMATION

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

| FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE | ASSISTANCE LISTING NUMBER | PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION | TOTAL FEDERAL EXPENDITURES |
|---|---------------------------------|---|-------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through the Ohio Department of Education</i> | | | |
| Child Nutrition Cluster | | | |
| School Breakfast Program | 10.553 | 2022 | \$ 16,906 |
| School Breakfast Program | 10.553 | 2023 | 58,802 |
| Total National School Breakfast Program | | | <u>75,708</u> |
| COVID-19 - National School Lunch Program - CN COVID FOOD PRO MANF | 10.555 | COVID-19, 2022 | 31,439 |
| National School Lunch Program | 10.555 | 2022 | 66,160 |
| National School Lunch Program | 10.555 | 2023 | 225,025 |
| National School Lunch Program - Food Donation | 10.555 | 2023 | 39,129 |
| Total National School Lunch Program | | | <u>361,753</u> |
| Total Child Nutrition Cluster | | | <u>437,461</u> |
| COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant | 10.649 | COVID-19, 2023 | 628 |
| Total U.S. Department of Agriculture | | | <u>438,089</u> |
| U.S. DEPARTMENT OF TREASURY | | | |
| <i>Passed Through Ohio Office of Budget and Management</i> | | | |
| COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #2 | 21.027 | COVID-19, 2023 | 41,643 |
| Total U.S. Department of Treasury | | | <u>41,643</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through the Ohio Department of Education</i> | | | |
| Title I Grants to Local Educational Agencies | 84.010A | 84.010A, 2022 | 35,414 |
| Title I Grants to Local Educational Agencies | 84.010A | 84.010A, 2023 | 303,474 |
| Title I Grants to Local Educational Agencies - Supplemental School Improvement | 84.010A | 84.010A, 2023 | 66,222 |
| Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant | 84.010A | 84.010A, 2023 | 22,298 |
| Total Title I Grants to Local Educational Agencies | | | <u>427,408</u> |
| Special Education Cluster (IDEA) | | | |
| Special Education-Grants to States (IDEA, Part B) | 84.027A | 84.027A, 2022 | 52,229 |
| Special Education-Grants to States (IDEA, Part B) | 84.027A | 84.027A, 2023 | 253,892 |
| COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP | 84.027X | COVID-19, 84.027X, 2023 | 5,709 |
| Total Special Education-Grants to States (IDEA, Part B) | | | <u>311,830</u> |
| Special Education-Preschool Grants (IDEA Preschool) | 84.173A | 84.173A, 2022 | 1,135 |
| Special Education-Preschool Grants (IDEA Preschool) | 84.173A | 84.173A, 2023 | 16,465 |
| Total Special Education-Preschool Grants (IDEA Preschool) | | | <u>17,600</u> |
| Total Special Education Cluster (IDEA) | | | <u>329,430</u> |
| Twenty-First Century Community Learning Centers | 84.287A | 84.287A, 2022 | 77,959 |
| Twenty-First Century Community Learning Centers | 84.287A | 84.287A, 2023 | 124,281 |
| Total Twenty-First Century Community Learning Centers | | | <u>202,240</u> |
| Supporting Effective Instruction State Grants | 84.367A | 84.367A, 2022 | 10,211 |
| Supporting Effective Instruction State Grants | 84.367A | 84.367A, 2023 | 52,803 |
| Total Supporting Effective Instruction State Grants | | | <u>63,014</u> |
| Student Support and Academic Enrichment Program | 84.424A | 84.424A, 2023 | 21,145 |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | COVID-19, 84.425U, 2022 | 11,700 |
| COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund | 84.425U | COVID-19, 84.425U, 2023 | 323,891 |
| Total Education Stabilization Fund (ESF) | | | <u>335,591</u> |
| Total U.S. Department of Education | | | <u>1,378,828</u> |
| Total Federal Expenditures | | | <u>\$ 1,858,560</u> |

The accompanying notes are an integral part of this schedule.

**MOUNT GILEAD EXEMPTED SCHOOL DISTRICT
MORROW COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Mount Gilead Exempted Village School District under programs of the federal government for the fiscal year ended June 30, 2023 and is prepared in accordance with the cash basis of accounting. 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 Mount Gilead Exempted Village School District, it is not intended to and does not present the financial position, or changes in net position, or cash flows of the Mount Gilead Exempted Village School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Mount Gilead Exempted Village School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

Mount Gilead Exempted Village School District
Morrow County
145 North Cherry Street
Mount Gilead, Ohio 43338

To the Members of 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Gilead Exempted Village School District, Morrow County, Ohio, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Mount Gilead Exempted Village School District's basic financial statements, and have issued our report thereon dated December 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School 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.

Mount Gilead Exempted Village School District
Morrow County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
December 29, 2023

**Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Mount Gilead Exempted Village School District
Morrow County
145 North Cherry Street
Mount Gilead, Ohio 43338

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mount Gilead Exempted Village School District’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Mount Gilead Exempted Village School District’s major federal programs for the fiscal year ended June 30, 2023. The Mount Gilead Exempted Village School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings.

In our opinion, the Mount Gilead Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Mount Gilead Exempted Village School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Mount Gilead Exempted Village School District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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 Mount Gilead Exempted Village School District’s federal programs.

Mount Gilead Exempted Village School District
Morrow County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 Mount Gilead Exempted Village School 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 generally accepted auditing standards, *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 Mount Gilead Exempted Village School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School 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 Mount Gilead Exempted Village School 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 a 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.

Mount Gilead Exempted Village School District
Morrow County
Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 29, 2023

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

| 1. SUMMARY OF AUDITOR'S RESULTS | | |
|--|---|--|
| <i>(d)(1)(i)</i> | <i>Type of Financial Statement Opinion</i> | Unmodified |
| <i>(d)(1)(ii)</i> | <i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(ii)</i> | <i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iii)</i> | <i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any material weaknesses in internal control reported for major federal programs?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any significant deficiencies in internal control reported for major federal programs?</i> | No |
| <i>(d)(1)(v)</i> | <i>Type of Major Program's Compliance Opinion</i> | Unmodified |
| <i>(d)(1)(vi)</i> | <i>Are there any reportable findings under 2 CFR §200.516(a)?</i> | No |
| <i>(d)(1)(vii)</i> | <i>Major Program(s) (listed):</i> | Education Stabilization Fund (ALN 84.425); Title I Grants to Local Educational Agencies (ALN 84.010) |
| <i>(d)(1)(viii)</i> | <i>Dollar Threshold: Type A/B Programs</i> | Type A: > \$750,000 Type B: all others |
| <i>(d)(1)(ix)</i> | <i>Low Risk Auditee under 2 CFR § 200.520?</i> | No |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

Mount Gilead Exempted Village School District

145 N. Cherry Street | Mount Gilead, Ohio, 43338

(419) 946-1646

Dr. Zack Howard, Superintendent

zackhoward@mgschools.org

Tina Gabler, Treasurer

tgabler@mgschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR § 200.511(b)

JUNE 30, 2023

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|-----------------------|--------------------------------|---|--|-------------------------------|
| 2022-001 | 2022 | <u>Material Weakness - Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and the Board of Education with objective and timely information to enable well-informed decisions. Various adjustments were made to the Hinkle filed financial statements. | Corrective Action Taken and Finding is Fully Corrected | N/A |

Inspiring individuality, equipping all students for success, creating school spirit, and enriching community pride.

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OHIO AUDITOR OF STATE KEITH FABER



MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/22/2024

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

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