OHIO AUDITOR OF STATE
KEITH FABER

UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY
JUNE 30, 2023

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BELMONT COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Union Local School District
Belmont County
66779 Belmont-Morristown Road
Belmont, Ohio 43718

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Union Local School District, Belmont County, Ohio (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the Table of Contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the 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 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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, and Schedules of Net Pension and Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 School District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Net position decreased $1,437,244.
- General revenues accounted for $16,531,762 in revenue or approximately 82 percent of all revenues. Program specific revenues in the form of charges for services, and operating grants and contributions accounted for $3,576,074 or 18 percent of total revenues in the amount of $20,107,836.
- Total assets decreased $303,995, primarily due to decreases in capital assets, which were offset by increases in current and other assets, and the net OPEB asset. Total liabilities increased $6,718,001 primarily due to an increase in the net pension liability.
- The School District had $21,545,080 in expenses related to governmental activities; only $3,576,074 of these expenses were offset by program specific charges for services, and operating grants and contributions. General revenues in the amount of $16,531,762 were not sufficient to provide for these programs.
- Total Governmental funds had $19,983,115 in revenues and $20,602,716 in expenditures. Overall, including other financing sources and uses, total Governmental funds' balance decreased $564,851.

Using this Annual Financial Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide 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 School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities 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.

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School 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, all of the School District's activities are reported as Governmental Activities including: instruction, support services, operation of non-instructional services, debt service, food service operations, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the General Fund.

Governmental Funds Most of the School 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 School 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.

Reporting the District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for a scholarship program. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, and other government units. These activities are reported as custodial funds. There was no reported custodial activity for fiscal year 2023. The School District's fiduciary activities are reported in a separate Statement of Net Position and Statement of Changes in Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal year 2023 compared to fiscal year 2022, which has been restated. See Note 3 for more information on the restatement.

Net Position
Governmental Activities

	2023	Restated 2022	Change
Assets			
Current and Other Assets	$13,064,938	$12,838,318	$226,620
Net OPEB Asset	1,711,075	1,364,964	346,111
Capital Assets	10,825,822	11,702,548	(876,726)
Total Assets	25,601,835	25,905,830	(303,995)
Deferred Outflows of Resources			
Pension	4,656,707	4,809,984	(153,277)
OPEB	475,978	616,377	(140,399)
Total Deferred Outflows of Resources	5,132,685	5,426,361	(293,676)
Liabilities			
Current and Other Liabilities	2,766,746	2,962,844	(196,098)
Long-Term Liabilities:			
Due Within One Year	217,158	212,739	4,419
Due in More Than One Year:			
Net Pension Liability	18,320,662	10,884,104	7,436,558
Net OPEB Liability	958,596	1,374,381	(415,785)
Other Amounts	1,898,744	2,009,837	(111,093)
Total Liabilities	24,161,906	17,443,905	6,718,001
Deferred Inflows of Resources			
Property Taxes	7,849,517	6,980,405	869,112
Pension	1,661,590	8,649,813	(6,988,223)
OPEB	2,652,171	2,411,488	240,683
Total Deferred Inflows of Resources	12,163,278	18,041,706	(5,878,428)
Net Position (Deficit)			
Net Investment in Capital Assets	9,641,201	10,476,495	(835,294)
Restricted	1,319,789	1,004,842	314,947
Unrestricted	(16,551,654)	(15,634,757)	(916,897)
Total Net Position (Deficit)	($5,590,664)	($4,153,420)	($1,437,244)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets decreased $303,995. The decrease in capital assets is due primarily to annual depreciation of tangible capital assets exceeding additions. The $226,620 increase in current and other assets was primarily due an increase in property taxes receivable from an increase in assessed valuation. The increase in property taxes receivable was offset to an extent by decreases in cash and cash equivalents. The School District is reporting an increase in the net OPEB asset related to the State Teachers Retirement System (STRS). More information on OPEB can be found in Note 12.

Total liabilities increased $6,718,001 The increase in long-term liabilities in the amount of $6,914,099 was due primarily to increases in net pension liability related to the performance of the pension plans investment returns, which essentially offset the improvements in the net pension liability reported in fiscal year 2022. In total, current and other liabilities decreased with the School District not reporting liabilities associated with ongoing construction projects (contracts and retainage payable) as the project was completed during fiscal year 2023.

The School District's deferred inflows of resources decreased $5,878,428, primarily due to the previously mentioned change in the net difference between projected and actual earnings on pension plan investments, inversely related to the change in the net pension liability.

In order to further understand what makes up the changes in net position for the current year, the following tables gives readers further details regarding the results of activities for 2023 and 2022.

Table 2
Changes in Net Postion
Governmental Activities

	2023	2022	Change
Revenues			
Program Revenue			
Charges for Services	$1,525,527	$1,217,706	$307,821
Operating Grants and Contributions	2,050,547	2,774,432	(723,885)
Capital Grants and Contributions	0	1,703,554	(1,703,554)
Total Progam Revenue	3,576,074	5,695,692	(2,119,618)
General Revenue			
Property Taxes	7,748,057	8,043,516	(295,459)
Grants and Entitlements	8,524,220	8,858,343	(334,123)
Gifts and Donations	122,586	47,335	75,251
Investments	62,839	4,291	58,548
Miscellaneous	74,060	145,280	(71,220)
Total General Revenue	16,531,762	17,098,765	(567,003)
Total Revenues	**20,107,836**	**22,794,457**	**(2,686,621)**
Program Expenses			
Instruction:			
Regular	8,968,735	8,404,761	563,974
Special	3,591,703	3,202,186	389,517
Vocational	882,387	719,615	162,772
Support Services:			
Pupil	1,041,226	898,579	142,647
Instructional Staff	579,638	781,424	(201,786)
Board of Education	126,052	140,306	(14,254)
Administration	1,642,038	1,522,877	119,161
Fiscal	601,342	548,115	53,227
Operation and Maintenance of Plant	1,959,345	1,507,056	452,289
Pupil Transportation	1,070,142	1,062,444	7,698
Central	10,000	10,000	0
Operation of Non-Instructional Services	1,234	500	734
Community Services	0	350,000	(350,000)
Food Service Operations	516,147	514,673	1,474
Extracurricular Activities	530,636	422,784	107,852
Interest	24,455	15,115	9,340
Total Program Expenses	**21,545,080**	**20,100,435**	**1,444,645**
Change in Net Position	(1,437,244)	2,694,022	(4,131,266)
Net Position Beginning of Year	(4,153,420)	(6,847,442)	2,694,022
Net Position End of Year	**($5,590,664)**	**($4,153,420)**	**($1,437,244)**

Program revenues accounted for approximately 18 percent of the School District's revenues in fiscal year 2023. These revenues consist of tuition and fees, charges for providing lunches to students, grants for specified purposes. In 2023 program revenues decreased $2,119,618. The decrease was primarily due to decreases in capital grants, as well as operating grants, as the School District utilized the majority of its Elementary and Secondary School Emergency Relief (ESSER) funding for capital and operational purposes in the prior year. Charges for services program revenues increased primarily due to increases in tuition and fees revenue.

General revenues, predominately consisting of property taxes and unrestricted grants and entitlements, accounted for approximately 82 percent of the School District's revenues in fiscal year 2023. General revenues decreased $567,003. The decrease was primarily due to decreases in unrestricted grants and entitlements received from the State, as well as property taxes.

Instructional programs comprise approximately 62 percent of total governmental program expenses. Of the instructional expenses, approximately 67 percent is for regular instruction, approximately 27 percent for special instruction, and approximately 6 percent for vocational instruction. Overall program expenses increased $1,444,645, from the prior year, primarily related to pension and OPEB. The decrease in community services expense is related to a broadband infrastructure pass-through grant project completed in fiscal year 2023.

The Statement of Activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services for fiscal year 2023 compared to fiscal year 2022. In other words, it identifies the cost of those services supported by tax revenue and unrestricted entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction:				
Regular	$8,968,735	$8,404,761	$7,834,342	$7,385,921
Special	3,591,703	3,202,186	2,594,502	2,317,494
Vocational	882,387	719,615	749,546	583,304
Support Services				
Pupil	1,041,226	898,579	930,750	797,437
Instructional Staff	579,638	781,424	497,170	619,823
Board of Education	126,052	140,306	126,052	140,306
Administration	1,642,038	1,522,877	1,515,211	1,388,990
Fiscal	601,342	548,115	601,342	548,115
Operation and Maintenance of Plant	1,959,345	1,507,056	1,750,415	(644,676)
Pupil Transportation	1,070,142	1,062,444	1,058,683	1,042,599
Central	10,000	10,000	10,000	10,000
Operation of Non-Instructional Services	1,234	500	791	357
Community Services	0	350,000	0	0
Food Service Operations	516,147	514,673	29,842	(167,745)
Extracurricular Activities	530,636	422,784	245,905	185,036
Interest and Fiscal Charges	24,455	15,115	24,455	15,115
Total Expenses	$21,545,080	$20,100,435	$17,969,006	$14,222,076

The dependence upon tax revenues and state subsidies for governmental activities is apparent. Approximately 83 percent of program expenses are supported through taxes and other general revenues.

The School District's Funds

Information about the School District's major fund starts on page 15. This fund is accounted for using the modified accrual basis of accounting. The School District has one major fund, the General Fund. The General Fund had revenues in the amount of $18,038,905 and expenditures in the amount of $18,344,497. Overall, including other financing uses, the General Fund's balance decreased $443,717. Decreases in revenue sources, property taxes, State Funding, oil and gas extraction royalties, were primarily responsible for the decrease in fund balance, offsetting the slight decrease in spending.

General Fund Budgeting Highlights

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

During the course of fiscal 2023, the School District amended its General Fund estimated resources and appropriations, and the budgetary statement reflects both the original and final budgeted amounts. The changes between the original and the final budget reflect a slight decrease in estimated resources. The final estimate of revenues was amended to more closely match the actual revenues. The School District appropriates the entirety of its resources for both the original and final budgets. The actual results of operations were different than budgeted amounts as spending in almost all categories was lower than budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the School District had $10,852,822 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, intangible right to use (lease) equipment, and vehicles, net of depreciation/amortization. Table 4 shows fiscal year 2023 balances compared to 2022:

Table 4
Capital Assets Net of Depreciation/Amortization
Government Activities

	2023	2022
Land	$1,842,760	$1,842,760
Construction in Progress	0	2,712,823
Land Improvements - Depreciable	256,700	314,502
Buildings and Improvements	7,611,666	5,645,520
Furniture, Fixtures, and Equipment	530,122	511,368
Intangible Right to Use - Equipment	43,800	0
Vehicles	540,774	675,575
Totals	$10,825,822	$11,702,548

For more information on capital assets see Note 9 to the basic financial statements.

Debt

At June 30, 2023, the School District had $393,000 outstanding in general obligation bonds with $53,000 due within one year. At June 30, 2023, the School District had $740,000 outstanding as a financed purchase with $89,000 due within one year. The School District also had $45,357 of a lease payable, with $10,114 due within one year.

Table 5 summarizes debt outstanding:

Table 5
Outstanding Debt at Year End
Government Activities

	2023	2022
2021 School Energy Conservation Improvement Refunding Bonds	$393,000	$446,000
Financed Purchase	740,000	828,000
Lease Payable	45,357	0
Total	$1,178,357	$1,274,000

See Note 16 for more detailed information on the School District's long-term obligations, including compensated absences, net pension liability and net OPEB liability.

Economic Factors

The School District has benefited economically from the continuing expansion of the oil and gas industry in Belmont County. The School District has entered into gas and oil leases on its property located in Goshen, Smith, and Wayne Townships. The School District is currently exploring leases on its property in Union township following the expiration of its previous leases on the properties. The School District has received signing bonuses as part of the lease agreements. In addition, the School District has begun to receive royalty payments in accordance with its leased property in Smith and Goshen Township. See Contingency Note 20 for further details on the School District's oil and gas leases.

In addition to the increases in property tax revenue that the School District is receiving as a result of increased assessed valuation related to the development of the oil and gas industry, ancillary businesses have been constructed, or are in the process of being constructed, within the School District. These new constructions allow for new and increased tax revenue opportunities.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Bernie Thompson, Treasurer/CFO at Union Local School District, 66779 Belmont-Morristown Road, Belmont, Ohio 43718.

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

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$3,451,383
Accounts Receivable	10,791
Intergovernmental Receivable	692,302
Prepaid Items	17,408
Materials and Supplies Inventory	39,172
Property Taxes Receivable	8,853,882
Net OPEB Asset	1,711,075
Non-Depreciable Capital Assets	1,842,760
Depreciable Capital Assets, Net	8,983,062
Total Assets	25,601,835
Deferred Outflows of Resources	
Pension	4,656,707
OPEB	475,978
Total Deferred Outflows of Resources	5,132,685
Liabilities	
Accrued Wages and Benefits Payable	1,894,830
Intergovernmental Payable	693,911
Accounts Payable	99,947
Accrued Interest Payable	6,264
Matured Compensated Balances Payable	71,794
Long-Term Liabilities:	
Due Within One Year	217,158
Due in More Than One Year:	
Net Pension Liability	18,320,662
Net OPEB Liability	958,596
Other Amounts	1,898,744
Total Liabilities	24,161,906
Deferred Inflows of Resources	
Property Taxes	7,849,517
Pension	1,661,590
OPEB	2,652,171
Total Deferred Inflows of Resources	12,163,278
Net Position (Deficit)	
Net Investment in Capital Assets	9,641,201
Restricted for:	
Debt Service	43
Classroom Facilities Maintenance	204,098
Local Programs	112,638
Student Activities	63,067
State Programs	481,528
Federal Programs	40,399
Other Purposes	11,000
OPEB Plans	407,016
Unrestricted	(16,551,654)
Total Net Position (Deficit)	($5,590,664)

See accompanying notes to the basic financial statements

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$8,968,735	$967,437	$166,956	($7,834,342)
Special	3,591,703	0	997,201	(2,594,502)
Vocational	882,387	0	132,841	(749,546)
Support Services:				
Pupil	1,041,226	0	110,476	(930,750)
Instructional Staff	579,638	0	82,468	(497,170)
Board of Education	126,052	0	0	(126,052)
Administration	1,642,038	0	126,827	(1,515,211)
Fiscal	601,342	0	0	(601,342)
Operation and Maintenance of Plant	1,959,345	144,011	64,919	(1,750,415)
Pupil Transportation	1,070,142	0	11,459	(1,058,683)
Central	10,000	0	0	(10,000)
Operation of Non-Instructional Services	1,234	0	443	(791)
Food Service Operations	516,147	129,348	356,957	(29,842)
Extracurricular Activities	530,636	284,731	0	(245,905)
Interest	24,455	0	0	(24,455)
Total Governmental Activities	$21,545,080	$1,525,527	$2,050,547	(17,969,006)

General Revenues	
Property Taxes Levied for General Purposes	7,748,057
Grants and Entitlements not Restricted to Specific Programs	8,524,220
Gifts and Donations	122,586
Investment Earnings	62,839
Miscellaneous	74,060
Total General Revenues	16,531,762
Change in Net Position	(1,437,244)
Net Position Beginning of Year - Restated (Note 3)	(4,153,420)
Net Position End of Year	($5,590,664)

See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	$2,367,618	$1,072,765	$3,440,383
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	11,000	0	11,000
Receivables:			
Property Taxes	8,853,882	0	8,853,882
Accounts	8,856	1,935	10,791
Intergovernmental	592,279	100,023	692,302
Interfund	183,318	0	183,318
Prepaid Items	16,158	1,250	17,408
Materials and Supplies Inventory	4,877	34,295	39,172
Total Assets	$12,037,988	$1,210,268	$13,248,256
Liabilities			
Accounts Payable	$54,264	$45,683	$99,947
Accrued Wages and Benefits Payable	1,767,390	127,440	1,894,830
Matured Compensated Absences Payable	71,794	0	71,794
Interfund Payable	0	183,318	183,318
Intergovernmental Payable	670,178	23,733	693,911
Total Liabilities	2,563,626	380,174	2,943,800
Deferred Inflows of Resources			
Property Taxes	7,849,517	0	7,849,517
Unavailable Revenue	905,074	100,023	1,005,097
Total Deferred Inflows of Resources	8,754,591	100,023	8,854,614
Fund Balances			
Nonspendable:			
Inventories	4,877	34,295	39,172
Prepaid Items	16,158	1,250	17,408
Restricted for:			
Debt Service	0	43	43
Classroom Facilities Maintenance	0	204,098	204,098
Local Programs	0	112,582	112,582
Student Activities	0	63,067	63,067
State Programs	0	470,753	470,753
Underground Storage Tank Premium	11,000	0	11,000
Assigned to:			
Purchases on Order	500,696	0	500,696
Unassigned (Deficit)	187,040	(156,017)	31,023
Total Fund Balances	719,771	730,071	1,449,842
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$12,037,988	$1,210,268	$13,248,256

See accompanying notes to the basic financial statements

Union Local School District

Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$1,449,846
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.		10,825,822
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the funds:		
Intergovernmental	100,023	
Property Taxes	350,551	
Tuition and Fees	554,523	
Total		1,005,097
In the statement of activities, interest is accrued on outstanding obligations, whereas in the governmental funds, an interest expenditure is reported when due.		(6,264)
Some long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
General Obligation Term Bonds	393,000	
Financed Purchases	740,000	
Leases Payable	45,357	
Compensated Absences	937,545	
Total		(2,115,902)
The net pension liability and the net other postemployment benefits asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset	1,711,075	
Deferred Outflows - Pension	4,656,707	
Deferred Outflows - OPEB	475,978	
Net Pension Liability	(18,320,662)	
Net OPEB Liability	(958,596)	
Deferred Inflows - Pension	(1,661,590)	
Deferred Inflows - OPEB	(2,652,171)	
Total	.	(16,749,259)
Net Position of Governmental Activities		($5,590,660)

See accompanying notes to the basic financial statements

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	$7,751,821	$0	$7,751,821
Intergovernmental	9,176,461	1,390,209	10,566,670
Interest	62,500	339	62,839
Tuition and Fees	847,049	0	847,049
Extracurricular Activities	6,194	278,537	284,731
Rent and Royalties	144,011	0	144,011
Gifts and Donations	2,192	120,394	122,586
Charges for Services	0	129,348	129,348
Miscellaneous	48,677	25,383	74,060
Total Revenues	18,038,905	1,944,210	19,983,115
Expenditures			
Current:			
Instruction:			
Regular	7,964,229	173,160	8,137,389
Special	2,921,634	529,444	3,451,078
Vocational	823,009	0	823,009
Support Services:			
Pupil	841,315	155,509	996,824
Instructional Staff	421,980	127,454	549,434
Board of Education	127,705	0	127,705
Administration	1,475,230	119,611	1,594,841
Fiscal	609,817	3,738	613,555
Operation and Maintenance of Plant	1,805,647	149,753	1,955,400
Pupil Transportation	890,867	75,575	966,442
Central	10,000	0	10,000
Operation of Non-Instructional Services	0	1,234	1,234
Food Service Operations	0	491,601	491,601
Extracurricular Activities	229,730	334,065	563,795
Capital Outlay	54,750	97,075	151,825
Debt Service:			
Principal Retirement	150,393	0	150,393
Interest and Fiscal Charges	18,191	0	18,191
Total Expenditures	18,344,497	2,258,219	20,602,716
Excess of Revenues Under Expenditures	(305,592)	(314,009)	(619,601)
Other Financing Sources (Uses)			
Transfers In	0	192,875	192,875
Inception of Capital Lease	54,750		54,750
Transfers Out	(192,875)	0	(192,875)
Total Other Financing Sources (Uses)	(138,125)	192,875	54,750
Net Change in Fund Balances	(443,717)	(121,134)	(564,851)
Fund Balances Beginning of Year	1,163,488	851,205	2,014,693
Fund Balances End of Year	$719,771	$730,071	$1,449,842

See accompanying notes to the basic financial statements

Union Local School District

Reconciliation of the Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds		($564,851)
Amounts reported for governmental activities in the Statement of Activities are different because		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	166,776	
Depreciation	(1,043,502)	
Total		(876,726)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds:		
Intergovernmental	8,097	
Property Taxes	(3,764)	
Tuition and Fees	120,388	
Total		124,721
Inception of lease. is an other financing source in the governmental funds, but is reported as a liability in the Statement of Net Position:		(54,750)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
General Obligation Bonds	53,000	
Financed Purchases	88,000	
Leases Payable	9,393	
Total		150,393
Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding obligations on the Statement of Activities.		(6,264)
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		11,031
Contractually required contributions are reported as expenditures in the governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.		
Pension	1,545,569	
OPEB	43,685	
Total		1,589,254
Except for amounts reported as deferred inflows/outflows, changes in net pension liability and net OPEB asset/liability are reported as pension/OPEB expense in the Statement of Activities.		
Pension	(2,147,181)	
OPEB	337,129	
Total		(1,810,052)
Changes in Net Position of Governmental Activities		($1,437,244)

See accompanying notes to the basic financial statements

Union Local School District

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

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues				
Property Taxes	$8,158,671	$7,678,074	$7,678,074	$0
Intergovernmental	9,105,211	9,150,317	9,150,317	0
Interest	4,500	48,883	62,500	13,617
Tuition and Fees	703,755	847,299	847,049	(250)
Extracurricular Activities	5,525	6,194	6,194	0
Rent and Royalties	150,000	183,803	185,221	1,418
Gifts and Donations	0	2,192	2,192	0
Miscellaneous	246,686	399,223	42,601	(356,622)
Total Revenues	18,374,348	18,315,985	17,974,148	(341,837)
Expenditures				
Current:				
Instruction:				
Regular	8,131,994	8,006,073	7,970,403	35,670
Special	2,941,360	3,149,595	3,147,346	2,249
Vocational	749,210	854,384	854,202	182
Support Services:				
Pupil	823,995	883,298	882,230	1,068
Instructional Staff	383,230	442,287	441,930	357
Board of Education	88,105	153,689	151,102	2,587
Administration	1,551,295	1,546,664	1,542,863	3,801
Fiscal	394,775	649,375	648,752	623
Operation and Maintenance of Plant	1,752,796	1,920,677	1,884,952	35,725
Pupil Transportation	917,397	935,331	903,432	31,899
Central	10,000	10,000	10,000	0
Extracurricular Activities	192,990	241,094	226,595	14,499
Debt Service:				
Principal Retirement	0	141,000	141,000	0
Interest and Fiscal Charges	0	14,444	14,444	0
Total Expenditures	17,937,147	18,947,911	18,819,251	128,660
Excess of Revenues Under Expenditures	437,201	(631,926)	(845,103)	(213,177)
Other Financing Sources (Uses)				
Advances In	128,597	128,597	128,597	0
Advances Out	0	0	(183,318)	(183,318)
Transfers Out	(3,508,370)	(2,439,243)	(192,875)	2,246,368
Total Other Financing Sources (Uses)	(3,379,773)	(2,310,646)	(247,596)	2,063,050
Net Change in Fund Balance	(2,942,572)	(2,942,572)	(1,092,699)	1,849,873
Fund Balance Beginning of Year	2,326,376	2,326,376	2,326,376	0
Prior Year Encumbrances Appropriated	616,196	616,196	616,196	0
Fund Balance End of Year	$0	$0	$1,849,873	$1,849,873

See accompanying notes to the basic financial statements

Union Local School District
Statement of Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	$35,818
Net Position	
Held in Trust for Scholarships	35,818
Total Net Position	$35,818

See accompanying notes to the basic financial statements

Union Local School District
Statement of Changes in Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust Fund
Additions	
Gifts and Contributions	$20,500
Deductions	
Payments in Accordance with Trust Agreements	17,750
Change in Net Position	2,750
Net Position Beginning of Year	33,068
Net Position End of Year	$35,818

See accompanying notes to the basic financial statements

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1952 through the consolidation of the Union Township, Smith Local, Belmont, Bethesda, Lafferty, and Holloway schools. In 1968, the new Union Local School District was formed when the Flushing School District joined the consolidation. The combined high school, Union Local High School, was built in 1958, with the first class graduating in 1960. In the fall of 1998, the School District finished construction of a new high school. In the fall of 1999, construction of a new elementary school was complete, as well as renovations to the old high school which was converted into the middle school. It is located in Belmont County, and includes all of the Villages of Morristown, Belmont, Centerville, Bethesda, and Flushing. It is staffed by 53 non-certificated employees, 114 certificated full-time teaching personnel, and 25 administrative employees who provide services to 1,390 students. The School District currently operates two instructional/administrative buildings, one garage and one maintenance building.

Reporting Entity:

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

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

The School District is involved with the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA), and the Belmont-Harrison Vocational School District, which are defined as jointly governed organizations, the Manufacturing Works Workers' Compensation Group Retrospective Rating Program (Program) which is defined as an insurance purchasing pool, and the Stark County Schools' Council of Governments Health Benefits Program (Council), which is defined as a shared risk insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School District's general purpose financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however; has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

Fund Accounting

The School 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 liabilities is reported as fund balance. The following is the School District's major governmental fund.

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

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

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

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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 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, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Fund Net Position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied (See Note 6). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide Statement of Net Position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 11 and 12)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

Cash and Cash Equivalents

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

During fiscal year 2023, the School District had no investments.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2023 amounted to $62,500, which includes $19,193 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or are imposed by law through constitutional provisions or enabling legislation. Restricted assets in governmental funds represent cash restricted for insurance premiums related to the underground storage tank.

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 an expenditure/expense is reported in the year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

Capital Assets

All capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e. estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price level index to deflate the cost to the acquisition year or estimated acquisition year). The School District maintains a capitalization threshold of $5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land	N/A
Land Improvements	20 Years
Buildings and Improvements	5 - 50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years
Intangible Right to Use Lease Assets	5 Years

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

Interfund Balances

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured severance payable" in the fund from which the employee will be paid.

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements 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. 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. Bonds, leases, financed purchases, and long-term loans are recognized as a liability on the governmental fund financial statements when due.

Bond Premiums, Bond Discounts, and Bond Issuance Costs

On the government wide financial statements, bond insurance premiums, bond premiums and bond discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. On the governmental fund financial statements bond insurance premiums, bond premiums, bond discounts and bond issuance costs are recognized in the period in which the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Bond issuance costs are expensed in in the funds in the period the bonds are issued.

Lease Payable

The School District serves as a lessee in a noncancellable lease which is accounted for as follows:

> ***Lessee*** At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

Internal Activity

Transfers within government activities on the government-wide financial statements are reported in the same manner as general revenue.

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

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

Fund Balance

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

> ***Non-spendable:*** The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

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

> ***Committed:*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District 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. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The amount committed to Capital Projects in the other governmental funds represents gas and oil lease bonus revenue approved by the Board of Education to be used for capital projects.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. The amount assigned to Capital Projects in the other governmental funds represents transfers of General Fund resources approved by the Board of Education to be used for capital projects.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School 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 liabilities. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position are reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources from local sources restricted to expenditures for student programs. Restricted net position for OPEB plans represent the corresponding restricted asset amounts after considering the related deferred outflows and deferred inflows.

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of event occurred during the fiscal year.

Estimates

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

Budgetary Data

All funds, except for 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 plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

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

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

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

Changes in Accounting Principle

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

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any long-term contracts that met the GASB 96 definition of a SBITA.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified above.

Restatement of Net Position

The School District is restating net position to report a retainage payable liability funded through the existing resources of the Permanent Improvement Fund as opposed the Elementary and Secondary School Emergency Relief Fund. The restatement had no impact on the balance of the Other Nonmajor Governmental Funds. The restatement had the following impact on net position:

Net Position (Deficit) June 30, 2022	($3,970,753)
Restatement	(182,667)
Net Position (Deficit), Restated June 30, 2022	($4,153,420)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP basis are that:

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

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Inception of lease is a non-cash transaction reported as an other financing source on the operating statement (GAAP basis).

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

Net Change in Fund Balance

	General
GAAP Basis	($443,717)
Revenue Accruals	(64,757)
Advances In	128,597
Inception of Lease	(54,750)
Expenditure Accruals	53,991
Advances Out	(183,318)
Encumbrances	(528,745)
Budget Basis	($1,092,699)

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

Interim monies held by the School District 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 in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market 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.

Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

The amount available as an advance at June 30, 2023 was $ 653,814 in the General Fund. The amount available as an advance at June 30, 2022 was $580,067 in the General Fund.

Accrued property taxes receivable includes real property and public utility property taxes which were measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$310,260,010	84.26%	$297,725,890	74.04%
Public Utility Personal	57,950,000	15.74%	104,408,160	25.96%
	$368,210,010	100.00%	$402,134,050	100.00%
Tax Rate per $1,000 of assessed valuation	$27.75		$27.75	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023, consisted of property taxes, tuition and fees, interfund, and intergovernmental grants. 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. Delinquent property taxes deemed collectible by the County Auditor and recorded as a receivable in the amount of $350,551 may not be collected within one year. All other receivables are expected to be collected within one year. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:	Amounts
Early Childhood Education Grant	$10,639
Title I Grant	29,600
Title II-A Grant	6,625
IDEA B Grant	53,159
Medicaid	37,756
Ohio Department of Education	226,887
Excess Costs from Other School Districts	327,636
Total Intergovermental Receivable	$692,302

NOTE 8 - INTERNAL BALANCES AND TRANSFERS

Interfund Balances

Interfund balances at June 30, 2023 consisted of the following individual interfund receivables and payables:

	Interfund Receivable
Intrerfund Payable	General Fund
Other Governmental Funds	$183,318

The loans made to the Food Service, the Miscellaneous Local, the Miscellaneous State, and the Miscellaneous Federal Grants Special Revenue Funds were made to support the programs until grant monies and other resources are received to operate the programs.

Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	Transfers Out
Transfers In	General Fund
Other Governmental Funds	$192,875

The General Fund made transfers to the Capital Projects Fund to accumulate resources for future capital projects and to provide funding local programs.

NOTE 9 - CAPITAL ASSETS

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

	Balance 6/30/2022	Additions	Deletions	Balance 6/30/2023
Nondepreciable Capital Assets:				
Land and Land Improvements	$1,842,760	$0	$0	$1,842,760
Construction in Progress	2,712,823	0	(2,712,823)	0
Total Nondepreciable Capital Assets	4,555,583	0	(2,712,823)	1,842,760
Depreciable Capital Assets:				
Land Improvements	646,120	0	0	646,120
Buildings and Improvements	21,498,068	2,739,812	0	24,237,880
Furniture and Equipment	930,517	85,037	0	1,015,554
Intangible Right to Use - Equipment	0	54,750	0	54,750
Vehicles	1,428,637	0	0	1,428,637
Total Depreciable Capital Assets	24,503,342	2,879,599	0	27,382,941
Accumulated Depreciation:				
Land Improvements	(331,618)	(57,802)	0	(389,420)
Buildings and Improvements	(15,852,548)	(773,666)	0	(16,626,214)
Furniture and Equipment	(419,149)	(66,283)	0	(485,432)
Intangible Right to Use - Equipment	0	(10,950)	0	(10,950)
Vehicles	(753,062)	(134,801)	0	(887,863)
Total Accumulated Depreciation	(17,356,377)	(1,043,502)	0	(18,399,879)
Total Depreciable Capital Assets, Net	7,146,965	1,836,097	0	8,983,062
Governmental Capital Assets, Net	$11,702,548	$1,836,097	($2,712,823)	$10,825,822

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

	Depreciation	Amortization	Total
Instruction:			
Regular	$505,368	$5,475	$510,843
Special	91,020	0	91,020
Vocational	27,722	0	27,722
Support Services:			
Pupil	20,872	0	20,872
Instructional Staff	22,755	0	22,755
Administration	22,755	5,475	28,230
Fiscal	11,377	0	11,377
Operation of Maintenance and Plant	89,705	0	89,705
Pupil Transportation	149,820	0	149,820
Extracurricular	47,511	0	47,511
Food Service Operations	43,647	0	43,647
Total Depreciation Expense	$1,032,552	$10,950	$1,043,502

NOTE 10 - RISK MANAGEMENT

Property, Fleet and Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District contracts with Liberty Mutual Insurance for general liability, errors and omissions, property, and fleet insurance.

The general liability coverage has limits of liability of $1,000,000 for each occurrence and an annual aggregate of $2,000,000. The errors and omissions coverage has limits of liability of $1,000,000 for each wrongful act with an annual aggregate of $1,000,000. The property coverage carries a $5,000 deductible with total coverage of $46,191,816. The fleet coverage has limits of liability of $1,000,000 for each accident with a $1,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

Employee Benefits

The School District has contracted with the Stark County Schools' Council of Government Health Benefits Program (Council) to provide employee medical/surgical and dental, and vision benefits. The Council's Health Benefits Program is a shared risk pool comprised of over 100 member school districts, educational service centers and related agencies, see Note 18 for further information about the Council. Rates are set through an annual calculation process. The School District pays a monthly contribution which is paid in a common fund from which claim payments are made for all participants regardless of claims flow. The board of directors has the right to return monies to an existing school district subsequent to the settlements of all expenses and claims. Premiums for medical coverage are $974.29 for individual coverage per month and $2,366.80 for family coverage per month. Employees contribute $97.43 per month for single coverage and $236.68 per month for family coverage, with the Board paying the balance of the premium. The premium is paid from the fund that pays the salary of the covered employee. Dental premiums are $102.80 for individual coverage per month and $253.64 for family coverage per month. Employees contribute $10.28 per month for single coverage and $25.36 per month for family coverage, with the Board paying the balance of the premium. Premiums for the vision coverage are $21.94 for individual coverage per month and $53.86 for family coverage per month. Employees contribute $2.19 per month for single coverage and $5.39 month for family coverage, with the Board paying the balance of the premium.

Workers' Compensation

During fiscal year 2023 the School District participated in the Manufacturing Works Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool (Note 18). The intent of the Program is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Program. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Program. Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Program is limited to school districts that can meet the Program's selection criteria. Spooner, Inc. provides administrative, cost control and actuarial services to the Program.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the Statement of Net Position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information, and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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

The School District's contractually required contribution to SERS was $356,591 for fiscal year 2023. Of this amount, $25,946 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries.

STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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 the final average salary multiplied by a percentage that varies based on years of service.

Effective August 1, 2015, the calculation is 2.2 percent of the final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $1,188,978 for fiscal year 2023. Of this amount, $168,484 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.067124600%	0.066081680%	
Prior Measurement Date	0.070647100%	0.064738740%	
Change in Proportionate Share	-0.003522500%	0.001342940%	
Proportionate Share of the Net			
Pension Liability	$3,630,620	$14,690,042	$18,320,662
Pension Expense	$128,758	$2,018,423	$2,147,181

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$147,043	$188,052	$335,095
Changes of assumptions	35,824	1,757,957	1,793,781
Net difference between projected and actual earnings on pension plan investments	0	511,181	511,181
Changes in proportionate Share and difference between Entity contributions and proportionate share of contributions	37,583	433,498	471,081
Entity contributions subsequent to the measurement date	356,591	1,188,978	1,545,569
Total Deferred Outflows of Resources	$577,041	$4,079,666	$4,656,707
Deferred Inflows of Resources			
Differences between expected and actual experience	$23,834	$56,194	$80,028
Changes of assumptions	0	1,323,236	1,323,236
Net difference between projected and actual earnings on pension plan investments	126,692	0	126,692
Changes in Proportionate Share and Difference between Entity contributions and proportionate share of contributions	131,634	0	131,634
Total Deferred Inflows of Resources	$282,160	$1,379,430	$1,661,590

$1,545,569 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($14,224)	$274,431	$260,207
2025	($77,046)	90,180	13,134
2026	(180,982)	(343,162)	(524,144)
2027	210,542	1,489,809	1,700,351
Total	($61,710)	$1,511,258	$1,449,548

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$5,344,100	$3,630,620	$2,187,037

Actuarial Assumptions - STRS

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

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

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

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

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

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

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 July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022
** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$22,191,304	$14,690,042	$8,346,295

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. No board members have elected Social Security.

NOTE 12 – DEFINED BENEFIT OPEB PLANS

See note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org 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 healthcare benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $43,685.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $43,685 for fiscal year 2023; all are reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year-ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.068275600%	0.066081680%	
Prior Measurement Date	0.072619400%	0.064738740%	
Change in Proportionate Share	-0.004343800%	0.001342940%	
Proportionate Share of the:			Total
Net OPEB Liability	$958,596	$0	$958,596
Net OPEB (Asset)	$0	($1,711,075)	($1,711,075)
OPEB Expense	($49,254)	($287,875)	($337,129)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$8,059	$24,804	$32,863
Changes of assumptions	152,477	72,886	225,363
Net difference between projected and actual earnings on OPEB plan investments	4,982	29,786	34,768
Changes in proportionate Share and difference between Entity contributions and proportionate share of contributions	99,494	39,805	139,299
Entity contributions subsequent to the measurement date	43,685	0	43,685
Total Deferred Outflows of Resources	$308,697	$167,281	$475,978
Deferred Inflows of Resources			
Differences between expected and actual experience	$613,189	$256,971	$870,160
Changes of assumptions	393,511	1,213,317	1,606,828
Changes in Proportionate Share and Difference between Entity contributions and proportionate share of contributions	174,131	1,052	175,183
Total Deferred Inflows of Resources	$1,180,831	$1,471,340	$2,652,171

$43,685 reported as deferred outflows of resources related to OPEB resulting from School District's contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	($176,566)	($371,980)	($548,546)
2025	(194,054)	(372,471)	(566,525)
2026	(187,691)	(180,620)	(368,311)
2027	(124,025)	(76,040)	(200,065)
2028	(84,924)	(100,115)	(185,039)
Thereafter	(148,559)	(202,833)	(351,392)
Total	($915,819)	($1,304,059)	($2,219,878)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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

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

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

Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the healthcare 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%)
School District's proportionate share of the net OPEB liability	$1,190,591	$958,596	$771,314

	1% Decrease (6.00 % decreasing to 3.40%)	Trend Rate (7.00 % decreasing to 4.40%)	1% Increase (8.00 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$739,250	$958,596	$1,245,099

Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale 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 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis. The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($1,581,843)	($1,711,075)	($1,821,772)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($1,774,801)	($1,711,075)	($1,630,636)

NOTE 13 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per fiscal year, depending upon length of service. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for all certified employees and 280 days for all classified employees. Upon retirement, payment is made for thirty percent of accrued, but unused sick leave credit to a maximum of 90 days for certificated employees provided such certified staff member has been continuously employed by the School District for nine years. Additionally, certified employees who have accumulated thirty-five years of service, twenty-five of which with the School District, shall receive a payment equal to forty percent of accrued, but not used sick leave credit to a maximum of 120 days. Teachers who are a rehired retiree for the school year immediately following retirement may opt to retain and carryover ten (10) days of unused sick leave. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 70 days for classified employees provided such classified employee has been continuously employed by the School District for seven years.

Other Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all eligible employees through Consumers Life Insurance Company in the amount of $40,000 per employee.

NOTE 14 - COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	$528,745
Other Governmental	232,766
Total	$761,511

NOTE 15 - ACCOUNTABILITY

At June 30, 2023, the School District had the following deficit fund balances:

Permanent Improvement	$18,537
Miscellaneous Federal Grants	19,597
Food Service	53,308
Title I	29,388
Total	$120,830

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 16 - LONG - TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2023 were as follows:

	Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds					
2021 School Energy Conservation Improvement Refunding Bonds Term Bond $495,000 @ 1.2%	$446,000	$0	$53,000	$393,000	$53,000
Financed Purchase	828,000	0	88,000	740,000	89,000
Lease Payable	0	54,750	9,393	45,357	10,114
Net Pension Liability					
SERS	2,606,673	1,023,947	0	3,630,620	0
STRS	8,277,431	6,412,611	0	14,690,042	0
Total Net Pension Liability	10,884,104	7,436,558	0	18,320,662	0
Net OPEB Liability					
SERS	1,374,381	0	415,785	958,596	0
Compensated Absences	948,576	188,513	199,544	937,545	65,044
Total Long-Term Liabilities	$14,481,061	$7,679,821	$765,722	$21,395,160	$217,158

2021 School Energy Conservation Improvement Refunding Bonds – On June 23, 2021, Union Local School District issued $495,000 of general obligation term bonds. The bonds were issued to refund the 2015 Energy Conservation and School Improvement Bonds. The 2021 Energy Conservation Improvement Refunding Bonds were issued for a 8 year period with final maturity at December 1, 2029. There was no refunding difference on the issuance. The 2021 Energy Conservation Improvement Refunding Bonds resulted in a debt service savings of $31,752, and a difference between the net carrying amount of the debt and the acquisition price of $39,799.

The Term Bonds maturing on December 1, 2029 are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the and in the respective principal amounts as follows:

Redemption Date (December 1)	Principal Amount to be Redeemed
2021	$49,000
2022	53,000
2023	53,000
2024	57,000
2025	56,000
2026	55,000
2027	59,000
2028	57,000

The remaining principal amount of such Term Bonds ($56,000) will mature at stated maturity on December 1, 2029. Bond payments are made from the General Fund.

Principal and interest requirements to retire the 2021 School Energy Conservation Improvement Refunding Bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2024	$53,000	$4,398	$57,398
2025	57,000	3,738	60,738
2026	56,000	3,060	59,060
2027	55,000	2,394	57,394
2028	59,000	1,710	60,710
2029-2030	113,000	1,350	114,350
Total	$393,000	$16,650	$409,650

Financed Purchase– During fiscal year 2021 the School District entered into an agreement to finance improvements and repairs to School District facilities as well as to provide remaining funding for an HVAC improvement project. The agreement transfers ownership to the assets and following the implementation of GASB 87 meets the criteria to be reported as a financed purchase. Payments are reflected as debt service expenditures on the Statement of Revenues, Expenditures, and Changes in Fund Balance for the governmental funds. Payments are made from the General Fund.

Future payments through fiscal year 2031 are as follows:

Fiscal Year	Principal	Interest	Total
2024	$89,000	$8,346	$97,346
2025	90,000	7,272	97,272
2026	91,000	6,186	97,186
2027	92,000	5,088	97,088
2028	93,000	3,978	96,978
2029-2031	285,000	5,154	290,154
Totals	$740,000	$36,024	$776,024

The School District has outstanding agreements to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease. This discount is being amortized using the interest method over the life of the lease. The lease will be paid from the General Fund. A summary of the principal and interest amounts for the remaining leases/subscriptions is as follows:

Fiscal Year	Principal	Interest	Total
2024	$10,114	$3,026	$13,140
2025	10,890	2,250	$13,140
2026	11,726	1,414	$13,140
2027	12,627	513	$13,140
Totals	$45,357	$7,203	$52,560

The overall debt margin of the School District as of June 30, 2023 was $36,190,011 with an unvoted debt margin of $402,111.

There is no repayment schedule for the net pension liability or the net OPEB liability. However, employer pension and postemployment benefit contributions are made from the following funds: General, Food Service, Miscellaneous State Grants, Miscellaneous Federal, 21st Century Grant and Title I. For additional information related to the net pension liability and the net OPEB liability see Notes 11 and 12 respectively.

Compensated absences will be paid from the General Fund.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments - The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency Information Technology Center Regional Council of Governments (OME-RESA). OME-RESA was created as a separate regional council of governments pursuant to State Statutes. OME-RESA operates under the direction of a Board comprised of a representative from each participating school district. The Board exercised total control over the operations of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs. During fiscal year 2023, the total amount paid to OME-RESA from the School District was $52,438 for technology services, in-service and co-op costs, financial accounting services and educational management information. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

Belmont-Harrison Vocational School District - The Belmont-Harrison Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected boards. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participants control is limited to its representation on the Board. To obtain financial information write to the Belmont-Harrison Vocational School, Mark Lucas, who serves as Treasurer, at 68090 Hammond Road, St. Clairsville, Ohio 43950.

NOTE 18 - PUBLIC ENTITY POOLS

Insurance Purchasing Pool

Manufacturing Works Workers' Compensation Group Retrospective Rating Program (Program) – The School District participates in the Manufacturing Works Workers' Compensation Group Retrospective Rating Program (Program), an insurance purchasing pool. The School District participates in the Program through an affiliation with the Northern Ohio Area Chamber of Commerce. The Program's business and affairs are conducted by Spooner, Inc., an organization determined by the sponsor of the pool. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program. The School District's enrollment fee of $1,282 for policy year 2022 was paid to Promedica.

Shared Risk Insurance Purchasing Pool

The Stark County Schools' Council of Government Health Benefits Program (Council) – The Stark County Schools' Council of Governments (Council) Health Benefits program is a shared risk pool created pursuant to State Statute for the purposes of administering health care benefits. The Council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESTRICTIONS

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

The following cash basis information describes the change in the year-end set-aside amounts for capital improvements and budget stabilization. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside Restricted Balance as of June 30, 2022	$0
Current Year Set-aside Requirement	309,532
Current Year Offsets	(224,047)
Current Year Qualifying Expenditures	(227,705)
Totals	($142,220)
Balance Carried Forward to Fiscal Year 2023	$0
Set-aside Restricted Balance as of June 30, 2022	$0

The School District had qualifying transfers and disbursements during the fiscal year that reduced the set-aside amount for capital improvements to below zero that may not be carried forward to future years. The School District also has capital expenditures paid from debt proceeds in connection with an energy conservation project that may be carried forward to offset future set-aside requirements.

NOTE 20 - CONTINGENCIES

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2022.

Litigation

The School District is currently party to legal proceedings. The School District management is of the opinion that the disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Paid Up Oil and Gas Leases

EQT Corp., - On December 10, 2013, the Board of Education entered into a "Paid Up" Oil and Gas Lease. The lease is for 6.95 acres of property owned by the Union Local Board of Education in Smith Township, Belmont County, Ohio, with Rice Drilling D, LLC. Subsequently, Rice Drilling D, LLC has been acquired by EQT Corp. In consideration of the execution of this lease, the School District received a signing bonus in the amount of $43,437. The lease calls for payments to the School District, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products.

EQT Corp., - On June 6, 2017, the Board of Education entered into a "Paid Up" Oil and Gas Lease. The lease is for 0.5 acres of property owned by the Union Local Board of Education in Wayne Township, Belmont County, Ohio, and is effective for a five year period, from the date of the agreement, with Rice Drilling D, LLC. Subsequently, Rice Drilling D, LLC has been acquired by EQT Corp. In consideration of the execution of this lease, the School District received a signing bonus in the amount of $3,500. The lease calls for payments to the School District, in addition to the bonus, royalties in the amount of 20 percent for all oil and other liquid hydrocarbons and by-products produced and saved from the land, and all gas and other hydrocarbons and by-products.

During fiscal year 2023, the School District received royalty payments of in the amount of $185,221. As of the date of the financial statements, the full value of any potential royalties cannot be determined.

The total carrying value of the land leased is $90,093.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021, while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

Union Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

School Employees Retirement System of Ohio

*Last Ten Fiscal Years**

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.06712460%	0.07064710%	0.06797120%	0.07199370%
School District's Proportionate Share of the Net Pension Liability	$3,630,620	$2,606,673	$4,495,758	$4,307,510
School District's Covered Payroll	$2,507,486	$2,438,557	$2,382,914	$2,384,030
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	144.79%	106.89%	188.67%	180.68%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.07119610%	0.06318110%	0.06105640%	0.05781720%	0.05529900%	0.05529900%
$4,077,533	$3,774,932	$4,468,766	$3,299,106	$2,798,652	$3,288,454
$2,375,459	$1,917,021	$1,917,657	$1,744,757	$1,617,309	$1,495,164
171.65%	196.92%	233.03%	189.09%	173.04%	219.94%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Union Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

State Teachers Retirement System of Ohio

*Last Ten Fiscal Years**

	2023	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.06608168%	0.06473874%	0.06437562%	0.06228412%
School District's Proportionate Share of the Net Pension Liability	$14,690,042	$8,277,431	$15,576,608	$13,773,760
School District's Covered Payroll	$8,716,686	$7,974,543	$7,830,593	$7,392,071
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	168.53%	103.80%	198.92%	186.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.05959032%	0.05761379%	0.05676709%	0.05542771%	0.05739464%	0.05739464%
$13,102,574	$13,686,279	$19,001,656	$15,318,598	$13,960,363	$16,629,493
$6,880,871	$6,333,307	$6,006,886	$5,832,629	$5,858,631	$5,619,839
190.42%	216.10%	316.33%	262.64%	238.29%	295.91%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

	2023	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06827560%	0.07261940%	0.07044900%	0.07325690%	0.07176250%	0.06391620%	0.06154800%
School District's Proportionate Share of the Net OPEB Liability	$958,596	$1,374,381	$1,531,087	$1,842,257	$1,990,886	$1,715,343	$1,754,346
School District's Covered Payroll	$2,507,486	$2,438,557	$2,382,914	$2,384,030	$2,375,459	$1,917,021	$1,917,657
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	38.23%	56.36%	64.25%	77.27%	83.81%	89.48%	91.48%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.
An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

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

	2023	2022	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.06608168%	0.06473874%	0.06437562%	0.06228412%	0.05959032%	0.05761379%	0.05676709%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($1,711,075)	($1,364,964)	($1,131,401)	($1,031,573)	($957,556)	$2,247,876	$3,035,919
School District's Covered Payroll	$8,716,686	$7,974,543	$7,830,593	$7,392,071	$6,880,871	$6,333,307	$6,006,886
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentageof its Covered Payroll	-19.63%	-17.12%	-14.45%	-13.96%	-13.92%	35.49%	50.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information.

Union Local School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Net Pension Liability					
Contractually Required Contribution	$356,591	$351,048	$341,398	$333,608	$321,844
Contributions in Relation to the Contractually Required Contribution	(356,591)	(351,048)	(341,398)	(333,608)	(321,844)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
School District Covered Payroll (1)	$2,547,079	$2,507,486	$2,438,557	$2,382,914	$2,384,030
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability					
Contractually Required Contribution (2)	$43,685	$42,747	$45,603	$44,858	$54,185
Contributions in Relation to the Contractually Required Contribution	(43,685)	(42,747)	(45,603)	(44,858)	(54,185)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.72%	1.70%	1.87%	1.88%	2.27%
Total Contributions as a Percentage of Covered Payroll (2)	15.72%	15.70%	15.87%	15.88%	15.77%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
$320,687	$268,383	$268,472	$229,959	$224,159
(320,687)	(268,383)	(268,472)	(229,959)	(224,159)
$0	$0	$0	$0	$0
$2,375,459	$1,917,021	$1,917,657	$1,744,757	$1,617,309
13.50%	14.00%	14.00%	13.18%	13.86%
$48,577	$33,920	$29,745	$44,480	$29,934
(48,577)	(33,920)	(29,745)	(44,480)	(29,934)
$0	$0	$0	$0	$0
2.04%	1.77%	1.55%	2.55%	1.85%
15.54%	15.77%	15.55%	15.73%	15.71%

Union Local School District, Ohio
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2023	2022	2021	2020	2019
Net Pension Liability					
Contractually Required Contribution	$1,188,978	$1,220,336	$1,116,436	$1,096,283	$1,034,890
Contributions in Relation to the Contractually Required Contribution	(1,188,978)	(1,220,336)	(1,116,436)	(1,096,283)	(1,034,890)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
School District Covered Payroll	$8,492,700	$8,716,686	$7,974,543	$7,830,593	$7,392,071
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability					
Contractually Required Contribution	$0	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
$963,322	$886,663	$840,964	$816,568	$761,622
(963,322)	(886,663)	(840,964)	(816,568)	(761,622)
$0	$0	$0	$0	$0
$6,880,871	$6,333,307	$6,006,886	$5,832,629	$5,858,631
14.00%	14.00%	14.00%	14.00%	13.00%
$0	$0	$0	$0	$58,586
0	0	0	0	(58,586)
$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

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

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

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

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

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

Changes in Benefit Term – STRS Pension

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

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

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

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

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

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent.)

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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

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

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

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

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UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education and Workforce				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution)				
National School Lunch Program	10.555	2023	$0	$32,077
Cash Assistance:				
School Breakfast Program	10.553	2023	0	109,106
National School Lunch Program	10.555	2023	0	307,147
COVID-19 National School Lunch Program	10.555	2022	0	25,178
COVID-19 National School Lunch Program	10.555	2023	0	6,699
Total Cash Assistance:			0	448,130
Total Child Nutrition Cluster			0	480,207
COVID-19 State Pandemic EBT Transfer Administrative Cost	10.649	2023	0	628
Total U.S. Department of Agriculture			0	480,835
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education and Workforce				
Title I Grants to Local Educational Agencies	84.010	2022	0	23,973
		2023	0	159,581
Title I-D Delinquent		2023	40,671	40,671
Expanding Opportunities for Each Child Non-Competitive	84.010A	2022	0	801
Total Title I Grants to Local Educational Agencies			40,671	225,026
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	2022	0	31,237
		2023	0	249,374
COVID-19 Special Education - Grants to States	84.027X	2022	0	6,909
		2023	0	38,485
Total Special Education - Grants to States			0	326,005
Special Education - Preschool Grants	84.173	2023	0	8,711
COVID-19 Special Education - Preschool Grants	84.173X	2023	0	15
Total Special Education - Preschool Grants			0	8,726
Total Special Education Cluster			0	334,731
Twenty-First Century Community Learning Center	84.287	2022	0	9,526
Supporting Effective Instruction State Grants	84.367	2023	0	36,440
Student Support and Academic Enrichment Program	84.424	2023	0	13,956
COVID-19 Education Stabilization Fund:				
ARP Elementary and Secondary School Emergency Relief Fund (ESSER III)	84.425U	2022	0	27,680
		2023	0	67,969
ARP Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	2023	0	3,470
Total COVID-19 Education Stabilization Fund:			0	99,119
Total U.S. Department of Education			40,671	718,798
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Office of Budget and Management				
Coronavirus State and Local Fiscal Recovery Funds	21.027	2023	0	18,317
Total U.S. Department of Treasury			0	18,317
FEDERAL COMMUNICATIONS COMMISSION				
Direct Program				
COVID-19 Emergency Connectivity Fund Program	32.009	2023	0	67,908
Total Federal Communications Commission			0	67,908
Total Expenditures of Federal Awards			**$40,671**	**$1,285,858**

The accompanying notes are an integral part of this Schedule.

UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Union Local School District (the School District's) under programs of the federal government for the year ended June 30, 2023. 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - SUBRECIPIENTS

The School District passes certain federal awards received from Ohio Department of Education and Workforce to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

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

Union Local School District
Belmont County
66779 Belmont-Morristown Road
Belmont, Ohio 43718

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Union Local School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 25, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Report on Compliance and Other Matters

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

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Union Local School District
Belmont County
66779 Belmont-Morristown Road
Belmont, Ohio 43718

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Union Local School District's, Belmont County, Ohio (the School District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Union Local School District's major federal program for the year ended June 30, 2023. Union Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, Union Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the 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 the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

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 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of the major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 25, 2024

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UNION LOCAL SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):** • Special Education Cluster (IDEA), AL #84.427/84.427X/84.173/84.173X	
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

UNION LOCAL SCHOOL DISTRICT

BELMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/28/2024